Daily Report

East Europe

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'No Progress' in Geneva Croatian Talks

AU0308172895 Paris AFP in English 1718 GMT 3 Aug 95

[FBIS Transcribed Text] Geneva, Aug 3 (AFP)—A Croatian negotiator said there had been no progress in crucial talks with separatist Croatian Serbs here Thursday because the rebels rejected proposals for giving back the land they have held since 1991.

However, UN mediator Thorvald Stoltenberg was more upbeat. "I think we have come closer to an agreement. We had a lot of progress during this meeting," he said. Stoltenberg said he planned to travel Friday to Zagreb, the Croatian Serb stronghold Knin and if necessary Belgrade to try to negotiate a settlement.

The Croatian Serbs for their part said the talks could still prevent war reigniting in the former Yugoslav republic. "War is not inevitable," Serb negotiator Lazar Macura said after Thursday's last-ditch meeting.

But the Croatian delegate at the Geneva talks, parliamentarian Ilvic Pastalic, said "there was no progress" in the seven hours of discussions. The negotiations were called in a bid to prevent a widening of the Balkan war with a flareup of the dormant Croatian conflict. Pastalic said his side had made proposals on how to reintegrate the Serb-held secessionist Krajina region, which covers around one-fifth of Croatia's territory, back into Croatia but that the Serbs had rejected them.

In Belgrade, however, Croatian Serb "premier" Milan Babic said he was prepared to negotiate a political settlement with the Zagreb government. Babic said this included talks on reopening an oil pipleline and roads that pass through Krajina as demanded by Croatian President Franjo Tudjman. He said the point of departure for a future settlement would be an international plan which would give some parts of Krajina a large degree of autonomy while reintegrating peacefully the remaining regions.

But Zagreb has insisted on the total reintegration of the entire Krajina, which comprises the chunk of eastern Slavonia as well as the snaking sliver of territory that curves through western Croatia.

The talks were held as UN officials said 100,000 Croatian troops were poised for attack to recover the Krajina region, which the Serbs captured in the war that broke out in 1991 when Croatia declared independence from Serb-dominated Yugoslavia. Zagreb accused the Krajina Serbs of shelling targets in Croatia for a third straight day on Thursday.

But in Belgrade, Babic urged Croatia to pull back its troops. "The (Krajina) army will reciprocate and will not engage outside of its territory, including in the Bihac pocket" in northwest Bosnia, he said.

Fighting in the Bihac enclave in recent weeks was largely responsible for the latest escalation of tension in Croatia, as Krajina Serb forces attacked the Bosnian government-held enclave in a move which Zagreb saw as a direct provocation and a threat to its security. The fall of Bihac would create a continuous swath of land linking up Serbs in Croatia and Bosnia, and the Zagreb government has vowed to intervene militarily to prevent this from happening.

Serbs: Croatia Rejected Plan

LD0308175695 Belgrade TANJUG Domestic Service in Serbo-Croatian 1716 GMT 3 Aug 95

[FBIS Translated Text] Knin, 3 Aug (TANJUG)—The Croatian side has rejected a UN seven-point peace plan that was today presented to the delegations of the Republic of Serb Krajina and Croatia by peace mediator Thorvald Stoltenberg. This is what Ilija Prijic, a member of Krajina's delegation, has told Knin Radio. He added that the peace process will continue through Stoltenberg's visits to Knin, Zagreb, and Belgrade.

Croatia Offered 'Reintegration'

LD0308211995 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 3 Aug 95

[FBIS Translated Text] Talks between representatives of the Croatian authorities and Serbs from the occupied territories [Serb Krajina] ended after seven hours in the Geneva villa of (Sochi). The talks were presided over by Thorvald Stoltenberg, the cochairman of the peace conference on the former Yugoslavia. Here is a report by Tihomir Vinkovic:

[Vinkovic] The first person to come out and speak to journalists was international mediator Thorvald Stoltenberg, who maintained that a certain amount of progress was achieved. Stoltenberg says that he feels that there has been progress, that standpoints have drawn closer together to some extent, and that tomorrow he is off to Zagreb in order to have talks with representatives of the Croatian authorities again. After this, he expects to go to Knin or Belgrade, where he could meet rebel Serbs.

However, in contrast to this, somewhat, is the statement by Assembly Deputy Ivic Pasalic, the Croatian representative. Mr. Pasalic told the journalists who had gathered that the delegation of the Croatian authorities had come to Geneva today in order to finally and immediately see the beginning of the peaceful reintegration of Croatian occupied areas so that a solution to the crisis might be found by political means.

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Political agreements backed up by the international community are a continuing aspect of our policy, despite the Serb aggression and crimes, Pasalic said. But the representatives of the rebel Croatian Serbs from the occupied areas today, too, do not accept a peaceful solution. They insist, disregarding the Constitution of the Republic of Croatia, the norms of international law, and the political will of the whole international community, on continuing to occupy parts of the territory of an internationally recognized state, a member of the United Nations, and are committing further crimes.

In contrast to all of this, even the Yugoslav Army is massing its formations in eastern Slavonia and Baranja. Among other things, aggression is being carried out from these areas against another internationally recognized state, and UN Security Council decisions and those of the international community are being violated. The attacks on Bihac are still continuing. The alleged withdrawal of the paramilitary formations of the Croatian rebel Serbs from the environs of Bihac has proved to be completely untrue. There is only the regrouping of their forces, and the attacks are continuing.

[Begin Pasalic recording] Croatian rebel Serbs have remained in the same positions in political terms as four years ago. There has even been a deterioration, because the complete political and military unity of the Croatian rebel Serbs and the Bosnian Serbs has come about. We bear witness to the fact that every day huge amounts of weapons, as well as military formations of the Yugoslav Army, are being sent to the area of the occupied parts of Croatia, eastern Slavonia, and Baranja. The presence of the charge d'affaires of the Yugoslav embassy today, and his close contacts with the Croatian rebel Serbs, clearly indicate the direct interference of Serbia and Yugoslavia in the crisis in the occupied areas of the Republic of Croatia. So, Croatia is no longer prepared to tolerate the occupation of its areas. [end recording]

[Vinkovic] At the same time, Croatia is obliged, and has the right, to help the government of Bosnia-Herzegovina and the Bosniak-Croat Federation and prevent a catastrophe in Bihac. Croatia does not want to be coresponsible for new Srebrenicas and Zepas, Ivic Pasalic, the Croatian representative in the talks with the local Serbs, told journalists in front of the Sochi Palace.

Replying to a journalist's question about what Croatia will do now, Ivic Pasalic said that Croatia will make purposeful moves and that Croatia had not made ultimatums, but only a proposal for peaceful reintegration. If the international community does not exert pressure on the rebel Serbs, then Croatia will be able to apply other measures.

Asked how it was that Stoltenberg said he saw some kind of progress, Pasalic said that there was progress in the sense that the talks had taken place, but there was no progress because the rebel Serbs had not decided to begin peaceful reintegration. If the rebels accept peaceful reintegration then there will not be war, Dr. Ivic Pasalic, said in reply to a journalist's question.

Martic on Talks, U.S. Deal

LD0308215795 Belgrade FONET in Serbo-Croatian 2015 GMT 3 Aug 95

[FBIS Translated Text] Belgrade, 3 August (FONET)—Milan Martic, prime minister of the Republic of Serb Krajina [RSK] told FONET this evening, after today's round of RSK-Croatian talks in Geneva, that Krajina's approach was "to be more cooperative with cochairman Thorvald Stoltenberg's proposals," which, he said, the RSK delegation had done.

"We have learned that the Croatian representative's position from the very start was not to accept any kind of agreement and to try and provoke our side so it would be responsible for the failure of today's negotiations. Despite the fact that our delegation had accepted all of the cochairman's proposals, the Croats did not accept anything and interrupted today's talks."

The objective, the Krajina prime minister believes, was for Zagreb to use "today's possibly failed talks" as an excuse for "an armed attack on the Republic of Serb Krajina. However, I spoke to U.S. Ambassador [to Croatia, Peter] Galbraith last night. Today I also made a statement that supported our delegation's stand in Geneva. Galbraith promised me that his government would uphold our stand and that it would intervene to prevent Croatia from carrying out its military strike, provided we made public the stands we had adopted earlier, and which we made public today." [sentence as received]

"It seems to me, especially after Ambassador Galbraith's latest statement, that he and his government have succeeded in their intervention. I hope that we will soon enter a period of defused tension and continue the negotiating process. However, in view of today's experience with Croatia, I still cannot be absolutely certain that Croatia will not attack the RSK. However, I was promised by Galbraith and the representative of the British Embassy that their government would prevent, that is, condemn Croatia if it decided to act in this way," Babic said.

Speaking about today's statement by which he announced Krajina's readiness to commence political negotiations with Zagreb, Babic said: "I enlisted [Serbian]

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President Milosevic's support for today's statement. I spoke to him this morning. I said that the Z-4 plan should be modified and that only then it could serve as a basis for talks, because its main flaw was that it treated the eastern part of Krajina [eastern Slavonia] in the future as an area unconnected to Krajina, which is something we cannot accept."

"That is why the condition I set to Galbraith last night was that we could indeed accept his plan, although modified, improved in a way so it treated both parts of Krajina equally. I expect the international community to exert pressure on Croatia to disengage and demobilize its forces, in order to start the negotiating process," Babic concluded.

Serb Delegate on Results

AU0408081195 Banja Luka Srpski Radio Network in Serbo-Croatian 0500 GMT 4 Aug 95

[FBIS Translated Text] As Ilija Prijic, a member of the Krajina delegation [at the Genava talks], told Radio Knin, the proposals offered by the international mediators do not contradict the interests of the Republic of Serb Krajina [RSK]. Krajina has therefore accepted the talks on the opening of the oil pipeline and it will soon negotiate on other economic problems. The draft agreement includes the free passage of humanitarian convoys and the deployment of UN forces along the borders of the RSK, which would be regulated by a cease-fire agreement, Prijic said. However, the Croatian side issued ultimatums, stipulating terms that are unacceptable to Krajina, and insisted only on the so-called peaceful reintegration. Prijic said that the peace process is continuing with a visit of Thorvald Stoltenberg, cochairman of the Conference on Former Yugoslavia, to Belgrade and Zagreb, and possibly also to Knin.

Foreign Airlines Suspend Flights to Croatia

LD0308152495 Belgrade TANJUG in English 1343 GMT 3 Aug 95

[FBIS Transcribed Text] Belgrade, Aug 3 (TANJUG)—German, Swiss, and Austrian airlines Thursday suspended flights to and from Zagreb after European governments urged tourists to avoid Croatia amid fears of a spill-over of fighting into Croatia.

ASSOCIATED PRESS news agency quoted spokesman for Lufthansa German airlines Gerd Leijinger as saying that flights had been suspended "until further notice" because there were no guarantees for the security of flights to Zagreb.

Swissair cancelled its daily flight from Zurich, and Austrian Airlines (AUA) suspended its daily flights from Vienna to the Croatian capital.

Adria Air from the neighbouring republic of Slovenia is also no longer flying to Zagreb.

Croatia's regular army troops and Bosnian Croat forces last Friday occupied strategically important towns of Grahovo and Glamoc in the southwestern part of the Bosnian Serb Republic.

Encouraged by the success, Croatia is now preparing to launch military offensive on the Republic of Serb Krajina with estimated 100,000 troops.

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PS Demands Annulment of Law Imprisoning Nano

AU0308140095 Tirana GAZETA SHQIPTARE in Albanian 3 Aug 95 p 5

[Report by A.C.: "Socialist Party: Free Nano From Prison"]

[FBIS Translated Text] Tirana—"Free Fatos Nano." About 3,000 people gathered in a noisy Socialist Party [PS] rally in the Sports Palace yesterday. "We demand the annulment of the law in the Penal Code that leaves Nano in prison." This was one of the demands of senior Socialist leader Servet Pellumbi. Outside calm was ensured by a cordon of about 200 policemen on both sides of the sidewalk. The long line of participants in the rally were obliged to walk in single file as far as the Physical Education Institute.

The hall of the Sports Palace was full one hour before the rally began, and people's loud shouting could be heard outside at the building's iron gates. Servet Pellumbi and Gramoz Ruci had waited by the entrance to welcome the final arrivals. "We want Fatos Nano," shouted everyone in unison as the Socialist leaders entered the hall. The slogans were lengthy, and Musa Ulqini, PS chairman for Tirana, was late in starting his speech. In the background, the sounds of the national anthem emerged unexpectedly from the loudspeakers of the Sports Palace, and Ulqini positioned himself at the microphone when they came to an end. "We demand that Berisha should give up political vengeance." Ulqini later announced that "The PS demands a declaration of the innocence of its chairman, Fatos Nano."

The atmosphere in the hall grew increasingly electrified. PS Deputy Chairman Pellumbi experienced almost the same "fate" as Ulqini; party members and militants almost never ceased their cries of "Free Nano." The senior PS leader said in his speech that "We are here to propose a series of democratic demands." People then stopped shouting in order to listen to Pellumbi. "We demand the annulment of the law in the Penal Code and an end to violation of human rights," he announced. Meanwhile, from the improvised dais by the basketball court, other Socialist leaders shouted with the people in the hall. Beside them stood two politicians from the Labor Party in the Netherlands, whom Ilir Meta, PS deputy chairman and chairman of the Eurosocialist Youth Forum, had invited to the rally. "My visit to Albania," one of them said, "is not the end of my interest in Nano, but I will carry your message for his release to my party in the Netherlands." The Socialist deputy Dritero Agolli then took the floor. "Albanian democracy is walking like a crab," he said, drawing laughter from the hall. The writer called the parliament, the government, and the judiciary "three big crabs." He then demanded that "Albania must be without crabs after the next elections."

After the rally, the forces of order were waiting outside. Their cordon was so well organized that not one of those present in the hall was able to cross the road to the opposite sidewalk, where curious passersby had stopped to watch the slow procession of the Socialists.

Rightest League Brings Land Law Before Court

AU0308122295 Tirana KOHA JONE in Albanian 3 Aug 95 p 3

[Report by Elio Elini: "Let the Constitutional Court 'Distribute' the Land"]

[FBIS Translated Text] A suit against the Law on the Purchase and Sale of Land, recently approved by the Albanian parliament, arrived at the Constitutional Court yesterday at midday. This suit is one of the measures planned at the plenary meeting of the organizations assembled in the "Rightist League" in opposition to the Law on the Purchase and Sale of Land and calling for its suspension. Signed by the leaders of the seven political organizations that are league members, the aim of the suit is to have the law declared unconstitutional, because it has failed to take into consideration the will of thousands of citizens expressed in the national petition.

The suit states: "The legal tenure of the former landowners was not suspended by their own free will," and that "With the Law on the Purchase and Sale of Land, the state has obliterated the property rights of thousands of citizens and has reduced to a minimum the rights of thousands of others." This is happening at the very moment when Albania's politicians have fully accepted international laws that embody the principle of the sanctity of property. However, even though the leaders of the League claim that the law falls afoul of the existing constitutional dispositions, they do not believe that the Constitutional Court, when it examines it, will be able to make a decision that will satisfy them. In an attempt to "forestall" such a disappointment, Fatmir Mediu of the Republican Party says, "We want the state not to persist in ridiculous measures, but this desire does not imply hope." They, therefore, do not believe that the question of the legitimate right to defend property or to solve property conflicts will find a fair solution at the Constitutional Court, even though, according to Mediu, "The question of the purchase and sale of land should be a moral issue for the members of the Constitutional Court."

Sources within the Republican Party report that some members of the Constitutional Court will vote against the constitutionality of the law approved by parliament,

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against which the Republicans and t... league are organizing a rally in Tirana next Friday [4 Aug]. Thus the problem of the purchase and sale of land, which the member organizations of the "Rightist League" have been politically contesting as unfair for almost three years, has now entered the phase of protests. It is also reported that this law, after the Constitutional Court has decided whether it is against the constitution or not, will be sent to the European Court in Strasbourg together with the objections that the league has raised during this politically very busy period.

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Ministry Waiting for Invitation to Ioannina Summit

AU0208172595 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 2 Aug 95

[FBIS Translated Text] Bulgaria has not yet received an invitation to attend the unofficial meeting of the Bulgarian, Greek, and Romanian foreign ministers that Athens has proposed holding in Ioannina on 25 August. This announcement was made by Foreign Ministry spokesman Radko Vlaykov. He described as arbitrary the interpretation that has appeared in the Greek press claiming that the issue of lifting the Yugoslav sanctions will be discussed at the Ioannina meeting. According to Vlaykov, such interpretations create difficulties in relations among the three countries and may thwart this meeting.

Vlaykov recalled the text of the demarche delivered by Bulgaria, Moldova, Romania, and Ukraine to the UN secretary general, proposing that the parallel political talks on solving the Yugoslav conflict be linked with a lifting of the sanctions in stages.

NKSB, Podkrepa Brief Zhelev on Fired Managers

AU0208170095 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 2 Aug 95

[FBIS Translated Text] In the last two months, almost 430 managers of industrial concerns have been dismissed. Representatives of the Economic Chamber, the KNSB [Confederation of Independent Trade Unions in Bulgaria], and the Podkrepa Labor Confederation stated this alarming figure at a meeting with President Zhelyu Zhelev today.

Ms. Milena Stoykova, chief secretary of the Bulgarian Economic Chamber, added that some of the managers concerned had been in charge of profitable enterprises. During today's meeting, it was agreed that President Zhelev would hold talks with some of the dismissed economic leaders so he could personally hear their problems and the manner of their dismissal.

According to the KNSB and Podkrepa, represented at the meeting by their respective deputy presidents, Ivan Neykov and Dimitur Manolov, this wave of dismissals will be reflected in the state of the economy and creates a real risk of an escalation of social tension. The union and employers' representatives informed the president of their idea, originally proposed by the Bulgarian Economic Chamber to the National Council for Trilateral Cooperation, to create a voluntary body of patrons [dobrovolen patronazh] for the purpose of protecting employers in the event of them being replaced.

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Criminal Code Section on Hate Crimes Amended

95CH0310C Prague PRAGUE POST in English 11 Jul 95 p 3

[Article by Kathleen Knox: "Government Steps Up Fight Against Hate Crimes"]

[FBIS Transcribed Text] Perpetrators of hate crimes face tougher sentences after parliament passed an amendment to the criminal code June 29.

The hate-crime package means that, as of September 1, criminals convicted of racially-motivated murder face up to life in prison, instead of the current maximum 15 years. Victims of other hate attacks could see their assailant go to prison for a maximum of five years instead of the current three.

The amendments dealing with hate crimes were drafted by Justice Minister Jiri Novak following an extraordinary meeting called by Prime Minister Vaclav Klaus in May. That meeting was called in response to the brutal murder of a Romany (Gypsy) father of five.

Tibor Berki, a bakery worker in the south Moravian town of Zdar nad Sazavou, was murdered in front of his five children May 13 after a group of youths barged into his house and battered him repeatedly on the back of the head with a baseball bat.

Though the amendments received support across parliament's political spectrum, some admitted it was more of a gesture than an effective remedy against the growing number of racial attacks—committed mainly against Romanies-in the Czech Republic.

"You'll never stamp out racially-motivated crimes by mere sanctions," said Rudolf Opatril, a parliamentary deputy who advocates even tougher penalties for murder. Opatril is a member of the centrist Czech-Moravian Union of the Center. "But it shows that the Czech Republic is taking [these crimes] seriously, that it's determined to fight them and that it is not afraid to call this problem by its name and put a stop to it by all possible means."

Ladislav Body, parliament's only Romany deputy, voiced reservations about the effectiveness of the new sanctions.

"They'll be law, but the question is whether they will be used," he said of the amendments. "This was a populist step. Will investigators qualify crimes as racially motivated or just say they were ordinary crimes?"

Body said that, in a recent case in the south Bohemian town of Hluboka nad Vltavou, some youths attacked a Romany family's house. "It wasn't proven that they were racists—they were just throwing stones at Romanies—so it was just put down as a misdemeanor," he said.

Body pointed to the lack of convictions under existing race legislation, for example the law against promoting fascism. He cited a high-profile murder trial in the south Bohemian town of Pisek last year, where 16 youths were accused of causing the death of 17-year-old Romany Tibor Danihel. Two of the defendants received suspended sentences; the rest were acquitted.

"Those skinheads sat in the courtroom wearing uniforms with fascist insignia," Body said. "The judge should have had them charged there and then with promoting fascism. He didn't. Judge for yourselves if it's worth passing something just to have it laid down in the law when it'll never be carried out."

Karel Holomek, a member of the Czech branch of the Helsinki Citizens' Assembly, a human-rights watchdog group, said "mere administrative measures can't change the situation permanently."

Rudolf Tancos, a Romany member of the government's Council for Nationalities, was similarly pessimistic.

"I'm convinced that if the laws had been adhered to as they ought to have been, it wouldn't have been necessary to call for tougher penalties," he said.

{ital}Along with stiffer sentences for hate crimes, the amendments approved by parliament will give police wider powers in combating organized crime—police agents will now be able to infiltrate criminal gangs in the course of investigations—and introduce community-service punishments for less-serious crimes. A provision allowing witnesses who feel they are in danger to testify anonymously will also be reintroduced.

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President Interviewed Prior to U.S. Visit

LD0308154395 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 3 Aug 95

[FBIS Translated Excerpt] Shortly before the beginning of our newscast, President Michal Kovac and his wife left for a visit to the United States. [passage omitted]

Before his departure, the president gave an interview to a Slovak News Agency [TASR] correspondent and to the Radiozurnal program represented by Tamara Valkova.

[Begin recording] [Valkova] [Passage omitted] One of the main principles of a state founded on the rule of law is its respect for state bodies as well as observance of the constitution and the law. In your view, is the Slovak Republic still far from becoming a state founded on the rule of law or is it very close to becoming one?

[Kovac] In my view, we are building a state founded on the rule of law and there are only very few areas where this process can be said to have been completed. This process has not been completed in our country either.

In the process of building a state founded on the rule of law there emerge differing views on what does and what does not contradict the constitution. Thank God, we have the Constitutional Court, which can rule in such cases. [passage omitted]

[Valkova] As you will be holding a news conference you will not be able to avoid a question on the government's attitude to you or on the attitude of the government coalition to your post. The Movement for a Democratic Slovakia is calling on you to step down and the representatives of the coalition parties in parliament have given you a vote of no confidence. How will you react to such questions?

[Kovac] That is an internal matter of the Slovak Republic and we are probably not going to talk about it. Of course, if the President is interested, I can explain the matter. However, in my view, this is no pressing issue for our foreign partners. It is a known fact that a vote of confidence does not constitute a constitutional and legal act, and it is seen like that by our partners abroad. It is really our internal matter.

[Unidentified TASR correspondent] I would like to ask one more question — it is not directly related to politics. You will meet with our compatriots in the United States. What can you tell them in response to their request that Slovakia should make it possible for compatriots to have dual citizenship?

[Kovac] I can only repeat known facts. The government is working on a solution to this problem. It has not been decided yet whether it will be dual citizenship or some other status. I just want to assure them that the government has not stopped dealing with this matter and wants to bring it to a conclusion. [end recording]

Kovac Departs

AU0308164295 Paris AFP in English 1635 GMT 3 Aug 95

[FBIS Transcribed Text] Bratislava, Aug 3 (AFP) — President Michal Kovac left Thursday [3 August] for a seven-day official visit to the United States.

During his stay he will receive an award from the American Bar Association for his role in implementing political reform in Slovakia after it became independent with the collapse of Czechoslovakia in 1992.

Parliament Takes More Power From President

95CH0313A Bratislava SLOVAK SPECTATOR in English 18 Jul 95 p 2

[Article by Daniel Borsky: "Coalition Gives Another Presidential Power to Cabinet"]

[FBIS Transcribed Text] Vladimir Meciar and his cabinet find the powers held by President Michal Kovac to their liking, so much so in fact that they have taken some of them for themselves. After stripping Kovac of his right to appoint the chief of the Slovak Intelligence Service (SIS) earlier this year, Meciar, acting through parliament, has engineered another covetous move, taking away Kovac's right to appoint and remove the head of Slovakia's joint chiefs of staff.

What the June 23 parliamentary vote means is that while Kovac remains the armed forces' commander-in-chief, he can no longer appoint its highest official.

The power transfer is part of a new amendment on the Slovak armed forces. Tibor Cabaj, chairman of the HZDS club in parliament, explained why coalition MPs voted in favor of the cabinet's proposal.

"At the moment, the president is out of parliament's control. He acts on his own and many people around him maintain that the parliament doesn't have the right to control him," Cabaj said.

"He doesn't even respect his moral duty to explain certain things when asked by parliamentarians." Cabaj was referring to an incident earlier this year when parliamentarians asked Kovac to explain a letter he had sent to the American head of an organization for the protection of free speech. "He simply ignores the parliament," Cabaj said.

Since Kovac still calls the shots with the nation's armed forces, the parliamentary vote may seem as

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more clipping of the president's wings of power. But Jan Langos, an independent MP, said the move makes perfect sense to the coalition. "Today, this might seem merely a demonstration of power," Langos said, "but it concerns a specific person who at a specific moment may refuse to obey the cabinet if it forces him to act unlawfully in some way."

The power transfer is not likely to affect the present head of the joint chiefs of staff, general Jozef Tuchyna, because he once served as Meciar's interior minister and is still considered an ally. But under the new amendment, Meciar can recall Tuchyna if he is ever unhappy with his performance.

The president is now left only with powers that would require a three-fifths majority to be taken away from him. Apart from remaining the country's commander-in-chief, these include the power to declare a state of emergency and to appoint Slovakia's ambassadors abroad.

Since 90 votes are necessary to change these laws, the current coalition, which counts 82 members, would need the cooperation of at least eight opposition MPs to seize the other functions.

Langos, for one, appears content that no more powers are likely to be taken from president. Not, at least, without a helping hand from the opposition. But those hands now seem to be firmly folded across each opposition member's chest as they resolutely stand watching the cabinet exhaust itself skipping along the fringes of the constitution

While the opposition has seemingly drawn the line against any additional power plays against the president, Langos said he is "bothered" that the new provision could open the door for the creation of paramilitary groups operating independent of army control.

"In this amendment, the Slovak Army is qualified only as 'the main element of our armed forces', which leaves room for creating paramilitary organizations similar to Ludove milicie (the People's Militia) from before November '89," Langos said, referring to a Communist paramilitary organization that was made up mostly of workers.

Langos, Czechoslovakia's Interior Minister in 1991-92, reflected on similar events in Russia and drew an ominous picture. "Remember, there are troops of the Russian Interior Ministry, not the Russian Army, fighting in Chechnya these days.

This old Soviet model of legally defining the armed forces is very tricky; it's something that enabled Russia to camouflage its breaking of the Vienna agreement when it withdrew its army from the Caucasus and instead sent in troops from its ministry of the interior."

But Cabaj rejected the notion of workers arming themselves and operating outside of the army's control. "The amendment wasn't proposed in order to enable creating paramilitary armed forces."

Army To Set Up Professional Rapid Action Unit

LD0308162395 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 3 Aug 95

[FBIS Translated Excerpt] A professional rapid action unit is being formed within our army. This process is in line with the adopted plan for the development of the Slovak Republic Army by the year 2000 and with the order issued by the chief of the general staff of our army, concerning the organization, mobilization, and dislocation changes in 1995.

Major General Emil Vestenicky, commander of the Slovak Army Ground Forces, is responsible for setting up this unit. Our correspondent Peter Toman asked him for an interview.

[Begin recording] [Toman] The rapid action unit is to be set up by October 1995. Major General, what progress has been made so far in the preparations for setting up this fully professional unit?

[Vestenicky] We have managed to set up the organizational structures of the unit so far. We have also prepared the charts, according to which we will build the unit. These charts deal with staffing and material supplies. We are dealing at present with housing issues, as well as with parking and storage facilities for the unit to be located within the garrison premises in Martin [central Slovakia].

[Toman] What will be the size and the armament of the unit?

[Vestenicky] This rapid action unit will consist of more than 600 people. It will be equipped with 31 armored ground personnel carriers OT-90. The combat firing capacity of the unit will consist of a mortar battery, an antitank, and an antiaircraft battery. These will be the main elements of the combat performance of this unit.

[Toman] Besides other things, you are currently recruiting new people. What demands do you have on career soldiers and civilians who would like to join the unit?

[Vestenicky] The unit will be built in such a way as to become an elite unit of the ground forces of the Slovak Army. Hence, all criteria will be set to match this standard. Senior lieutenants and officers will have to be university graduates. Of course, besides that, they

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must be of high moral integrity, physically fit and professionally well qualified. On top of that, they will have to be people able to deal with difficulties during the course of carrying out their duties on the territory of our country or, if the need be, abroad. Demands on low rank staff are relevant to their duties. [passage omitted]

[Toman] What will be the task of the new unit? Will it be possible to deploy it on peace missions abroad?

[Vestenicky] The rapid action unit will carry out tasks ensuing from the constitutional law on Armed Forces. The unit will be prepared to take part in peace missions abroad provided the government or the National Council decide that it should do so.

[Toman] When will the rapid action unit be ready for combat operations?

[Vestenicky] According to our plans, the unit will be fully operational and prepared for combat as of October 1996. [end recording]

Inspection Team Views Weapons Destruction

LD0308202395 Bratislava STV 1 Television Network in Slovak 1730 GMT 3 Aug 95

[FBIS Translated Text] Nine inspectors of an international delegation consisting of French, Italian, and U.S. army military experts, today visited the military repair plant in Moldava nad Bodvou in the Kosice region. Their visit involved a regular check of the processes and methods employed to decrease the amount of conventional arms in the Slovak Republic.

In line with the Conventional Armed Forces in Europe Treaty, the liquidation of arms started in the Moldava military repair plant in September 1992. So far, it has dismantled 630 howitzers, 221 rocket launchers, 242 cannons, 39 mortars, and tens of other arms.

This time, the foreign army experts concentrated on the liquidation of more howitzers and cannons. The third phase of decreasing the numbers of conventional arms should be completed in Moldava by 26 October 1995.

Yesterday, the inspection team checked the liquidation of 64 tanks of the Slovak Army. These are being scrapped in the Presov repair plant, where 72 remaining tanks should be dismantled by October 1995.

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Defense Ministry Watching South Slav Developments

LD0408090595 Budapest MTV Television Network in Hungarian 0500 GMT 4 Aug 95

[FBIS Translated Excerpt] Defense Minister Gyoergy Keleti told our program this morning that the defense leadership is continuously watching the developments of Croat-Serb relations, the military activities of our southern neighbors:

[Begin Keleti recording] The concentration of military forces is never good news. [passage omitted]

I can say, however, that this does not mean direct danger for the Republic of Hungary, since according to our knowledge, the military (?targets) are rather far from the Hungarian border. For us, it would be a problem if military actions were started in East Slavonian areas, since those are directly next to our border. At this moment, there is no chance of this. There is no danger that this expansion of activity will be begun or made possible for any reason in the near future.

Regardless of this, the Hungarian Army, in cooperation with the Border Guard, has to be alert. The military leadership and the leaders of the Defense Ministry have the task of constantly following the events and continuously informing the government, the members of the government, and the prime minister. [end recording]

Border Guards Ready

LD0408091395 Budapest Kossuth Radio Network in Hungarian 0800 GMT 4 Aug 95

[FBIS Translated Excerpt] The effect of the Croat-Serb war in Krajina cannot yet be felt at the Hungarian-Croatian border crossing stations, a border guard spokesman has said. [passage omitted]

The spokesman added that there are four frontier sentry units in constant readiness near the South Slav border stretch. Plans have also been drawn up for their possible reinforcement; however, such measure has not yet been taken. The immediate task of the frontier sentry units is solely to protect the local population in Southwest Hungary from armed groups which may accidentally drift over, said Attila Krisan.

UNHCR Reports 'New Waves' of Balkan Refugees

AU0308173695 Paris AFP in English 1721 GMT 3 Aug 95

[FBIS Transcribed Text] Budapest, Aug 3 (AFP)—Hungary is to open further camps for new waves of refugees from the former Yugoslavia after the main shelters in the south of the country became full, the Office for Refugees told AFP Thursday [3 August]. A new camp to house some 2,000 people is to be opened soon in eastern Debrecen, in barracks that once belonged to the Soviet Army. The Treasury, which handles the compiex, had initially planned to hand it over to the Border Guard to be used as a training centre, "but I guess now we will have to wait," border guard Colonel Bela Kravacs said.

Meanwhile the head of the country's main refugee camp in southwestern Nagyatad said that the camp had reached its full capacity of 2,000 people, half of whom arrived in July, and that its resources were running out. "Never before have we been in such a difficult situation. Apart from a recent cucumber transport, we have got no aid from anywhere for two months," Lajos Horvath said. He said that among the refugees in Nagyatad, there were 400 children including 120 babies, and the camp had a severe shortage of fruit, diapers, children's clothes, underwear and men's shoes.

This year, some 2,000 new refugees have arrived in Hungary from parts of the former Yugoslavia, mainly from the Croatian region of Slavonia and the Serbian province of Kosovo, according to Philippe Labreveux of the United Nations High Commissioner for Refugees (UNHCR). "The decreasing tendency of the past few years has completely turned around," Labreveux told the NEPSZABADSAG daily newspaper. Labreveux said that Hungary could shelter no more than a further 5,000 refugees beyond the 6,300 officially registered at the end of May, since when the figure has dramatically risen.

Hungary's central budget allocated $7.87 million for refugees this year, which, despite the growing number of those who seek shelter here, "should be enough," Labreveux said. Half the sum goes to the upkeep of the main camps in southeastern Nagyatad, southern Bicske and southeastern Bekescsaba, while the other half is spent to support those who live outside camps.

Non-camp-dwellers constitute two-thirds of the total of refugees here and part of their support is supplied by the UNCHR, which hopes that by offering the refugees language and trade learning programmes "they would get into a situation where they would not need the UNCHR's or Hungary's help anymore," Labreveux said.

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Horn Speech Assesses International Relations

AU0408115195 Budapest NEPSZABADSAG in Hungarian 3 Aug 95 p 3

["Excerpts" from Prime Minister Gyula Horn's speech in Helsinki on 1 August: "Horn: Mutual Dependence Is a European Reality"]

[FBIS Translated Text] As we have reported, Prime Minister Gyula Horn gave a speech at the anniversary celebrations in Helsinki. With insignificant omissions, we publish here the section of his speech dealing with the new phenomena of international relations:

The intention to set up nation states is a problem characteristic of many areas and countries of East-Central Europe. If by this we mean homogeneous nation states, then this certainly is an anachronistic phenomenon because it disregards the assertion of the requirements of national minorities and ethnic groups existing in the various countries and, ultimately, those of ethnic, social, and political pluralism. It is in connection with this that the validity of the borders is questioned in many places. In all countries, without exception, the rights of national minorities and their assertion is somewhere linked to the issue of the borders. One of the problems of the operation of the Conference on Security and Cooperation in Europe, and now the OSCE, is the extent to which it is possible to fully respect the domestic legal system of a given country and the assertion of the requirements of international norms; how is it possible to create harmony between the two. What is the community of nations doing to stop the domestic legal system and the domestic political legal practice from running counter to international norms and requirements? It is our belief that the OSCE's preventative measures aimed at averting the arising conflicts should be strengthened. According to European, or we could say international, experience, it is much harder to handle a crisis—see the example of Yugoslavia—than to forestall these problems by preventative measures.

The issue of security is the next big problem. Relations with NATO is still a disputed issue in this region. In our view, integration is also a world phenomenon in politics and security, not only in the economy. Rather than NATO intending to extend its effective range or wanting to expand to the east, the point is that new states are applying, and if they see their security in NATO, then this need has to be acknowledged.

Russia's international attitude is also very important for us. What is needed is for Russia to become involved in the work of international, mainly European, organizations to an even greater degree than before. We would find it important for the Council of Europe to advance the chance for Russia to become a member of this organization—because membership also means commitments.

The South Slav [Yugoslav] situation and the Bosnian war are a security problem, and a number of international organizations are dealing with these, with little success. However much it is a military conflict in Bosnia, this can only be settled by political and diplomatic means. Negotiations and a new forum is needed where the United States, Russia, the EU troika, Milosevic, Tudjman, and Izetbegovic can sit at the same table. Hungary, as the OSCE's chairman-in-office, is willing to host such a conference.

The issue of economic equal rights is a new challenge. The differences between Europe's western and eastern, but even between its western and central parts, are continuing to increase. This is a destabilizing factor because of the economic and social problems, and because of the environmental protection problems arising as a result of these. It is understandable that the European Union is debating whether to expand or deepen the union; in our view, this is an artificial question because the solution of problems within the EU cannot hinder the issue of expanding the union.

It is an immense problem that the EU is doing very little in practice in the central European countries to help them achieve the conditions for membership at the earliest possible time. However, Central Europe, or East-Central Europe, is unable to ensure the conditions for membership on its own, including its financial requirements and the need for resources. In our view, the lack of necessary capital is the region's biggest problem. In addition to making the transformation slower and more difficult, this also means that no financial means are left for the compensation of the market economy's losers. This creates yet new tensions and destabilizes the region and the whole of Europe. The time has come to realize that the way East-Central Europe's processes progress—which were started so spectacularly in the late 1980's and early 1990's—is also decisive from the viewpoint of the West's development and security. Today, that the destabilizing factors are actually weakening the interdependence, however, mutual dependence in today's Europe is a reality just as it was in earlier years.

Horn To Expand Government; SZDSZ Unaware

AU0308195695 Budapest NEPSZABADSAG in Hungarian 3 Aug 95 pp 1, 4

[Report by "I.B.-V.P.-Zs.A.": "Gyula Horn: We Solve Our Problems Jointly With the Coalition Partner—

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Balint Magyar: No Information Was Received on the Government's Enlargement"]

[FBIS Translated Text] On his return from Helsinki, Prime Minister Gyula Horn confirmed that he was planning to enlarge the government. In his interview given to NEPSZABADSAG on 2 August, he said that, aware of his own responsibility, he wants to implement the present tasks together with the coalition partner. According to Balint Magyar, executive of the Alliance of Free Democrats [SZDSZ], the current government is also threatened by the danger of wanting to solve the problems that arise from governing by creating new positions.

On his return from Helsinki, Horn confirmed in a radio interview that he is planning to enlarge the government.

As we have already reported, at last week's meeting of the Hungarian Socialist Party [MSZP] Horn suggested that Elemer Kiss, administrative state secretary at the prime minister's office, would coordinate the various ministries as a minister without portfolio, in addition to performing his current tasks. MSZP Deputy Chairman Gyorgy Janosi could be responsible for the government's communications and media strategy in the rank of political state secretary.

Horn said that he would like coordination between the ministries to be strengthened, and he considers it absolutely necessary to include a person in the government who understands the media issues and is able to coordinate the cabinet's public relations work. However, this task would not at all be identical to being a spokesman. Horn maintains his opinion that a new person should also be included in the government to work out overall concepts, financial schemes, and economic programs.

Our correspondent asked Horn what made the changes timely, and whether the image-shaping was a pseudo-action on the government's part.

One year is enough to draw the necessary conclusions, Horn said. As prime minister, I bear responsibility for the government's work and also for its public image. Especially in a period when the government is using much of its energies for crisis management and for overseeing the changes.

In this particular situation, the market economy is still immature and the state cannot withdraw from the economy. A huge number of tasks require governmental steps: privatization and the multitude of reforms, also including all that we are planning in health care and education. The public has to know of all these and, at the same time, it has to be aware that these tasks are performed by a badly paid and weakened state apparatus, which means that many things are not done in an ideal way. We are struggling with these problems together with the coalition partner. Many serious problems exist in these areas—similarly to other governmental areas. We will solve the burning problems together with the coalition partner, while the primary responsibility is mine.

Balint Magyar said the following on the prime minister's ideas on expanding the government: The coalition agreement of the Hungarian Socialist Party [MSZP] and the SZDSZ lays down the governmental structure, and its supplement No. 2 contains the names of people who fill various governmental positions. In accordance with the coalition agreement, if one of the sides wishes to change this, then his proposals have to be given to the Coalition Coordination Council [KET]. In the case of two parties governing in coalition, the KET decides what to implement out of the proposals and how. In the SZDSZ's view, this is the usable mechanism of coordination. This cannot be replaced by messages sent through the media because this would mean a negotiating technique which is difficult to handle in a coalition government. This also applies to the current situation. The MSZP has not yet informed the SZDSZ on its proposals either formally or informally. This is despite the fact that the majority of the SZDSZ's leaders are in Hungary, even during the summer break so they can be reached, and they can be ready for talks within a short time if necessary.

According to Magyar, the government of the day is always in danger of being inclined to solve the problems arising from governing by creating yet new positions. It seems that the current government is not exempt from this, either. In reply to whether the possible new persons or the new governmental positions are unacceptable for the SZDSZ, Magyar said that it is rather unfortunate to talk about concrete names when a decision on the positions has not yet been made. When the MSZP made similar proposals in the past, he added, the SZDSZ first examined whether the new positions would improve the efficiency of the government's work rather than what the party would want in exchange. Personnel issues can only be discussed afterwards. The SZDSZ wishes to follow the same principle this time, too. It will also take into consideration that the governmental proportions defined earlier have to prevail in the coalition government.

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Political Analysis of Energy Sector Privatization

95CH0301B Budapest FIGYELO in Hungarian 29 Jun 95 pp 15-16

[Article by Maria Mink: "Bye, My Sweet Pal"]

[FBIS Translated Text] The privatization of the Hungarian Electrical Works Corporation has bloated into a political scandal. It is questionable whether the state is going to receive revenues from this transaction this year.

The government is becoming increasingly nervous about the privatization of the electrical energy industry. After sharp political debates, scandals, and disputes among professionals, an observer might feel that the recent course followed by the government is more reminiscent of the game of chance "now you see it, now you don't," than of a well-considered government strategy. Privatizing the MVM [Hungarian Electrical Works] this year, and crediting the scheduled privatization revenues to the state budget in the last days of December are no longer at stake according to analysts; the question is whether the Horn government is capable of placing the electrical energy industry into private hands at all, whether it can implement the concept it regards as appropriate. (Alternatively, whether after a period of vegetation the government is going to give away individual power plants and electric utility companies to any investor who "happens to be around," and promises to renew the plants....)

Gyula Horn found it appropriate to dismiss Laszlo Pal on short notice in order to ensure implementation of the government's strategy, and the uniform representation of the government's position. Government sources told FIGYELO that the minister of industry and commerce has been considering to offer his resignation for weeks, rather than to continue wrangling inside the government. For several months, the minister has been gathering arguments presented by professionals in support of privatizing energy producers and utility companies gradually, and only by selling minority shares of stock. In addition to underscoring the strategic significance of this branch of industry, Pal usually made reference to the fact that present energy consumer price levels did not ensure the profitable operation of the various firms. Under these conditions, the government would find itself in a particularly uncomfortable situation, having to chose the best of several bad alternatives.

In any event, the dismissal of Laszlo Pal could also be interpreted to mean that in contrast to the earlier indecision manifested by the Horn government, it now clearly decided in favor of privatization, and of accelerating privatization. On the other hand, it would not be inconceivable that the word of the finance minister, the budgetary implications became the decisive factors: the Finance Ministry needed the privatization revenues. (They hope to receive the lion share of 150 billion forints [Ft] in privatization revenues scheduled for this year from placing the large energy service providers into private hands.) Horn's decision, however, may also contain a "small" message to the trade unions. One should recall that last year, when the Horn government was formed, Laszlo Pal was not the favorite at the IKM [Ministry of Industry and Commerce], but in response to pressure exerted by the trade union wing of the socialists, and by representatives who had worked hard during the 1990-94 term in parliament, the prime minister agreed to appoint Pal. According to present assumptions, the Ministry of Industry does not really want to privatize, and this is why it delays the transfer of the MVM into private hands. Arguments supportive of this claim assert that the Ministry, or, more accurately, the head of the Ministry who maintains close relations with trade unions, does not regard the privatization of the electrical energy industry as desirable. But it is not "politically correct" to voice these arguments, (especially while the government casts hopeful eyes toward the EU and the United States). For this reason, the IKM has, from the outset, manufactured debatable proposals to avoid privatization, and "time has passed" as a result of these. Some experts believe that privatization of the MVM might not have become as hopeless as it appears today, had the IKM not sabotaged the implementation of last December's government decision. An intentional "leak" from last week's MSZP [Hungarian Socialist Party] parliamentary group meeting indicated that Laszlo Pal, the minister of industry and commerce, was inclined to pursue the energy industry privatization issue to a "breaking point," and that he regarded acceptance of the Ministry's position by the cabinet as an indication of whether the prime minister had confidence in him. FIGYELO learned that Laszlo Pal has tendered a written resignation to the prime minister several weeks ago, but the prime minister did not accept the resignation (did not provide an opportunity for his minister to depart in an elegant fashion). Thereafter, Pal sent a "message" through the press: privatization of the energy industry could easily become the tensile test for the government. It did, indeed, become the tensile test: As reported earlier, based on the prime minister's decision the head of the Ministry will be relieved of his duties as of 15 July. (The chosen successor is Imre Dunai, heretofore the administrative state secretary at the IKM, whose specialty has been foreign trade so far, and who is understood not to have any links to persons having a counter-interest in privatization.)

Insofar as arguments specific to the energy industry are concerned, the essence of the position held by the former head of the Ministry of Industry sharply

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deviates from the APV Rt's [State Privatization and Assets Management Corporation] solution regarding the transfer of electric utility companies into private hands, as submitted to the government. The dismissed minister made several statements to the effect that he would regard private ownership of a majority of the shares of electric utility companies a mistake, and fought for maintaining majority state ownership of these in the long-term. On the other hand, Pal, too, regarded the sale of a majority of the shares of power plants as conceivable, except for the Paks power plant.

In contrast, the APV Rt has maintained its position, according to which the state should also become only a minority owner of electric utility companies. Prior to the ominous government meeting, Tamas Suchman proposed a compromise solution to the IKM. Based on this proposal, a minority ownership share in electric utility companies—25 percent plus one share—could be sold under agreements providing an option to investors to buy additional shares. If an investor performed on commitments specified in the privatization agreement, 50 percent plus one share of the stock would be sold to the investor. Finally, as part of a third step, the state would sell the remaining shares on the stock exchange. Laszlo Pal did not manifest an inclination to accept this compromise solution either.

According to arguments presented by Laszlo Pal, several problems would have to be faced if private investors held a majority of the shares of electric utility companies: due to the undeveloped state of utility rate regulations, investors could enforce their intentions to increase rates, at the same time, however, the supply of electric power would also become endangered. Moreover, privately owned electric utilities could also raise national security concerns. In Laszlo Pal's view, new owners would accomplish the necessary developments and renewals by using their own equipment, or equipment from firms belonging to the same interest group as the owner, thus excluding and ruining the existing Hungarian group of contractors which serves the electric energy industry. Pal recognized yet another concern in the context of employment: Investors would obviously strive to have a work force composed of a rational number of employees, and this could result in layoffs. (This sounds especially true if we consider that 20,000 miners employed by Hungarian coal operating at a loss have also become MVM employees when mines and power plants were integrated. In Pal's view, one could also count on radical counter-measures by trade unions, in addition to increased unemployment.

In any event, the government could be confronted with an embarrassing surprise, if it is motivated by the prospect of quickly materializing revenues and balancing the budget. As described in FIGYELO issue 1995/4, reliable sources find it highly unlikely that state privatization revenues will flow this year from privatizing electric utility companies, because quite a few issues need to be resolved before issuing tender invitations. No shocking new problems have arisen; professionals have been familiar with most of the existing concerns for a long time.

One of the concerns stems from continued problems with energy prices, and this could be decisive from the standpoint of investors.

A significant part of the rate increases authorized early this year has already been consumed by inflation and by forint devaluation, and revenues fell short of necessary expenditures by 20-30 percent even after the January rate increase. This is so, even though the government's letter of intent that accompanied a note covering a $100 million loan from the World Bank included not only a promise that energy prices would cover necessary expenditures by January 1997, but also a commitment that prices would be continuously adjusted to cover expenditures. Not much is said about this anymore. According to information received by FIGYELO, the next price increase could hardly occur before next fall, while as of a few weeks ago, tender invitations were scheduled to be issued in mid-July. Government officials mention an August deadline by now. (We learned that in the meantime the Hungarian Energy Office has prepared a model for electric rate regulation, but the model based on a 16-factor formula is extremely complicated.) To top things off, the restructuring of the rate system does not indicate a firm intent to stimulate energy consumers to use electricity at times other than peak consumption periods; this could, in the long run, increase costs incurred by the energy sector.

According to professionals familiar with these matters, the market price payable by electric utility companies to power plants for the electric energy produced continues to be the problem. At present, the MVM Rt operates a so-called internal contribution and cross financing system, which equalizes cost differentials stemming from the operation of low efficiency power plants. This system will have to be operated even after privatization. The problem can be bridged by continuing unchanged the MVM Rt's practice of purchasing energy from power plants, according to IKM group chief Pal Ligeti. Quite naturally, these purchases would also be made from inefficient producers, simply because there continues to be a need for these. The energy would be distributed to electric utility companies by MVM with a minimum average added cost. Based on this concept, the MVM would equalize the prices charged by both the inefficient and the efficient power plants. This system

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would continue to operate until all obsolete power plants are decommissioned. Only thereafter would they introduce a competitive model, i.e., they would use prices charged by power plants operating with the highest degree of efficiency as the basis. This, of course, would occur only in the rather distant future: Of the estimated 7,200 megawatt total capacity, 2,000 megawatts should be phased out, preferably at about the millennium. The cost of decommissioning these power plants, and the construction of new power plants will cost an estimated Ft400-450 billion. Representatives of the IKM and the APV Rt unanimously stated at a press conference last week that there is a good chance for privatizing all power plants, that a demand exists not only for modern power plants, but also for degraded power plants, because the global trend is that existing plants appreciate. Opinions expressed by professionals, however, suggest that one should stop having illusions about the salability of degraded Hungarian power plants. Investors would hardly be attracted by the fact that coal-fired power plants (these are in the worst condition) operate exclusively with low efficiency coal produced in Hungary at a high cost. (The furnaces are not suited to burn higher quality, imported coal.) As a result of integrating coal mines with power plants, the MVM Rt had to agree—albeit not willingly—to continue to operate the inefficient Hungarian coal mines, to pay for closing down these mines, and to provide severance pay to coal miners later. Investors usually also "dislike" situations in which the "dowry" is accompanied by strong labor unions.

It is highly unlikely that power plants can be sold individually, experts claim. Some experts believe that power plants, high voltage power lines, as well as the MVM Rt should be treated as a single enterprise, independent from electric utility companies, and that opportunities for minority share ownership in these companies could be announced. At the same time, however, BKE [Budapest University of Economics] Professor and Department Chairman Tamas Sarkozy cautioned that investors do not like to purchase minority shares of stock, and that their goal is to acquire control over, and to have a voice in the management of firms. Even if investors agree to forego majority control, they reserve for themselves various rights, in exchange for the majority of the votes.

This problem takes us to another critical point in the privatization of the electrical energy industry: to deficiencies in rules and regulations. In order to permit the announcement of the tender invitation by a certain date in August, as called for by earlier plans, quite a few laws would also have to be amended—such as the laws governing electrical energy, prices, privatization, and local governments—in addition to writing new price regulations. The amendments are needed because originally acquired rights cannot be changed on an ex post facto basis; if they were changed, local governments could seek effective remedies from the Constitutional Court. The concern stems from an earlier legislative blooper that places public service electric works, heat producing establishments and high voltage power lines located within local government jurisdictions under the ownership of the respective local governments. Meanwhile, Gabor Kuncze has reached an agreement with local governments, in which local governments would receive 25 percent of the stock, the estimated value of which would amount to more than Ft40 billion. Experts, on the other hand, believe that it would be more appropriate to enter into a different kind of agreement with local governments, offering them part of the privatization revenues, and not part ownership. Namely, the local government stock portfolio—if it were to be sold to investors in the form of an independent program—could change the ownership structure perceived as part of the privatization of the MVM. Not to mention the possibility that such a program could also depress the prices bid in response to the tender. The likelihood is great that differences regarding local government ownership is going to further complicate the privatization of the MVM.

According to the APV Rt's calculations, tender invitations must be issued by the end of August, at the latest, if the state wants to materialize privatization revenues. Experts, on the other hand, claim that it is virtually impossible to fill regulatory voids in six or eight weeks. But aside from all this: The MVM's "privatization" game has not come to an end by far, players on both sides are still expected to score goals.

[Box, p 15]

Variation 1. The government does not agree to raise energy prices quickly and significantly (expert calculations would call for a 35-40 percent increase), but due to the constraint to obtain revenues, the government is forcing privatization, and thus finds itself in an adverse bargaining position vis-a-vis investors.

Variation 2. The government quickly raises energy prices in order to maximize the chances for successful privatization, and thereby assumes a huge political risk.

Variation 3. The government postpones the privatization of the energy sector until next year, in order to gain time. In doing so, the government reinforces a cautionary attitude on part of investors with respect to investment opportunities in Hungary.

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UN Envoy Akashi Denies Reports of Resignation

OW0308143495 Tokyo ASAHI SHIMBUN in Japanese 28 Jul 95 Morning Edition p 2

["Summary" of telephone interview with Yasushi Akashi, UN secretary general's special envoy to former Yugoslavia, by Shuhei Hayashi, ASAHI SHIMBUN correspondent in London, at the UN Peace Protection Force Headquarters in Zagreb on 27 July]

[FBIS Translated Text]

Akashi's Own Views About Talk of 'Firing' Him

I think it is wrong to think too seriously about such talk or to target one person called Akashi for criticism. I am not thinking about it (resigning). Such an emotional reaction would be inappropriate. Janvier, commander of the UN Protection Force [UNPROFOR] (to whom the right to request NATO's Air strikes has been delegated), does not think very differently from me about using force.

People should be thinking about how the character of the United Nations will be changed by this, the biggest and most complicated UN peacekeeping operation (PKO), by changes in the UN-NATO relationship, and changes in the UN relationship with the United States, the United Kingdom, and France. People should think what impact these matters will have on future peacekeeping operations.

Civilian Control of PKO

The fact that Secretary General Butrus-Ghali has delegated his right to request air strikes to Commander Janvier means that civilian control will no longer be possible. This will have an impact on the character of the UN peacekeeping operation in the former Yugoslavia. This issue should be viewed in such context.

'Double Key' System

The "double key" system has been maintained, but only just. The fact is that soldiers are delegated to make judgments. The "Ghali-Akashi" civilian line has been eliminated.

Outlook on Air Strikes

The idea is to draw a line at Goradze (which is the last remaining UN safe area left in east Bosnia) and defend it. I think Mladic, commander of the Serb forces, will think about NATO's tough position before taking any action. He has not yet made a decision to attack Goradze.

Military Situation

I am much more concerned about the situation in Bihac, the safe area in the northwest region. I think it is safe to say that tensions there are mounting and full-scale military action is fairly close. We cannot say there will be no "Balkan" war involving the Serb Republic and Croatia.

Comment on UNPROFOR

We have people to provide care to refugees, human rights protection, and relief commodities in Sarajevo and Goradze—perhaps modestly, but we are providing what is essential to life for the citizens there. We are also playing an intermediary role between the Bosnian Government and Serb forces so they can have a dialogue. I think we are doing enough to prove it is necessary for the UNPROFOR to stay here.

On Naming of Shuttertenberg As Special Envoy To Bosnia

He and I are on very good terms. We exchange views and information by phone. Strictly speaking, there are some areas where our missions overlap. But it does not mean we are doing the same things. I am responsible for overall PKO operations in former Yugoslavia. What is strange is that people are making a fuss about this matter [naming of a special envoy to Bosnia].

Possibility of 'Rejecting Air Strikes'

It has not been me, but Commander Janvier, who has objected to them. When recommendations were received from Commander Janvier, I approved them most times.

French Foreign Minister Continues Visit

Supports Bosnia's Integrity

AU0308162495 Paris AFP in English 1606 GMT 3 Aug 95

[FBIS Transcribed Text] Zenica, Bosnia-Herzegovina, Aug 3 (AFP)—French Foreign Minister Herve de Charette stressed Thursday [3 August] France's support for independent Bosnia and the victims of its three-year war and fired another warning at the Bosnian Serbs. On his first trip to Bosnia-Herzegovina since taking over at the French Foreign Ministry in May, de Charette said France was "on the side of" Bosnia's victims and was determined to stop Serb atrocities in the former Yugoslav republic.

"France is on the side of the victims in Bosnia, where our aim is justice and peace," de Charette said in this government-held central Bosnian town. "I am here to stress France's enduring commitment to

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the territorial integrity and independence of Bosnia-Herzegovina," he said. "I am also here to stress France's total condemnation of all violence and in particular to stress (France's) desire to put a stop once and for all to the violation of human rights by the Bosnian Serbs towards Bosnia's Moslem and Croat populations," the foreign minister said.

De Charette is due to meet senior Bosnian officials during his two-day trip to former Yugoslavia including Bosnian President Alija Izetbegovic.

France has spoken out more than other Western powers in favor of decisive military action in Bosnia to stem a Serb advance in the east of the country, but has also not ruled out the diplomatic process, pushing for another ministerial-level meeting of the Contact Group.

De Charette was to head later Thursday for the Croatian town of Ploce on the Adriatic coast where he will visit units of the Rapid Reaction Force before heading for Split to talk with the commander of UN peacekeepers in former Yugoslavia General Bernard Janvier. On Friday he will meet Croatian President Franjo Tudjman and Foreign Minister Mate Granic.

De Charette, Izetbegovic on Visit

AU0308203995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 3 Aug 95

[Report by Sefik Mujic, including statements by Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, and French Foreign Minister Herve de Charette in Zenica on 3 Aug—recorded; de Charette in French with superimposed Serbo-Croatian translation]

[FBIS Translated Text] [Studio announcer] Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, Prime Minister Haris Silajdzic, and Foreign Minister Muhamed Sacirbegovic met in Zenica today with French Foreign Minister Herve de Charette. Sefik Mujkic has the details:

[Mujkic] Following the talks, which were conducted in a congenial atmosphere, and following a press conference, it can be concluded that a lot has been achieved in Zenica today; it can be concluded that better times lie ahead as far as a solution to the Bosnia-Herzegovina crisis is concerned. Minister Sacirbegovic confirmed this. He said that de Charette's visit [words indistinct] events in Bosnia to exchange opinions with the Bosnian Government aimed at furthering the peace process. That is why, Sacirbegovic stressed, we were happy to hear Mr. de Charette's opinion and the indirect support of French President Chirac and the French Republic extended to President Izetbegovic for the maintenance of Bosnia-Herzegovina's sovereignty and integrity. Here is how the French foreign minister assessed today's visit and talks in Zenica:

[de Charette] I am truly very happy to be in Bosnia-Herzegovina for the first time today to meet with President Izetbegovic, the prime minister, and yourself. I have had the pleasure to (?meet with you) earlier. I reminded my collocutors how important it is that France continues to support and is very much in favor of Bosnia-Herzegovina's territorial sovereignty. I have also confirmed the emotions felt by the French people and the French Government in the face of the attempted aggression and violation of human rights. Of course, [words indistinct] support that the Bosnian Government is giving the UN Protection Force and the deployment of the Rapid Reaction Force; we also discussed ways of overcoming the crisis. I stated that we both agree that once [words indistinct] after the conclusions of the London conference, the priority should be given to political means, to negotiations [words indistinct]. Of course, within the framework of the Contact Group's work [words indistinct], which Mr. Bildt is implementing within the framework of these negotiations. I believe that this visit to the Bosnian Government has enabled me to see in concrete terms [words indistinct] and to grasp the gravity of the [word indistinct] situation. At the same time [words indistinct] and that we should go on contributing to a positive peace mission to end the tragic events [words indistinct].

[Mujkic] Alija Izetbegovic, the president of the State Presidency, stressed the importance of the French foreign minister's visit to Bosnia-Herzegovina, and added:

[Izetbegovic] I would like to reiterate that this is a (?significant) step toward an improvement, toward a positive development of our (?policy). [words indistinct] I would like to stress that I particularly questioned the role and activities of the Rapid Reaction Force. I requested that our relations be regulated by a document and Minister de Charette is going to work on this; he also confirmed the principle that these forces will in no way obstruct our army's liberation struggle; this is very important for us as regards [words indistinct] toward these forces. I believe that this has removed the last reserves that we still harbored as regards [words indistinct]. I expect that other technical issues pertaining to their presence on the ground will be settled between us and General Janvier. [words indistinct] a visit which was very useful, the talks were extremely open, and I believe that they will prove mutually useful because they have led to a clarification of certain unclear issues in our relations and stances. We also discussed the recognition of Bosnia-Herzegovina and clarified certain misunderstandings [words indistinct]. Namely, we insist on mutual recognition of Bosnia-

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Herzegovina and Serbia; furthermore, we stressed that it is vital that (?the border on the Drina River is closed) to [words indistinct] double-dealing games that the Serbian Government could engage in; on the one hand to present itself as participating in the peace process and working for peace, and on the other hand, thanks to the lax border, to go on working on the project of Greater Serbia; this is very possible. [words indistinct]

I advised Minister de Charette to take a stroll through Zenica to see that a democratic [word indistinct] is at work here, consisting of Muslims, Croats, and Serbs [words indistinct], which is not the case on the other side.

[Mujkic] Following the talks, French Minister de Charette and his associates strolled through the streets of Zenica, where they could see how coexistence works in a democracy that could serve as an example to the world. He also used his stay in Zenica to visit one of the districts housing refugees from Zepa.

That this was a successful day for interstate talks was confirmed by Prime Minister Haris Silajdzic, who, following his meeting with the French minister, stressed that the French Government had contributed significantly to the passing of the resolution on Gorazde and its extension to include Bihac and Sarajevo, that is, to the creation of a NATO umbrella.

Agreement on Border Closure

LD0308230995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2200 GMT 3 Aug 95

[FBIS Translated Excerpt] The visit to Bosnia-Herzegovina by French Foreign Minister Herve de Charette is very important. I am pleased to say that this represents a step forward in improving the development of our cooperation, President Izetbegovic stated after the talks.

He added that during the talks special attention was devoted to the question of the Rapid Reaction Force. President Izetbegovic requested that the relations between the two countries be regulated by a document, which Minister de Charette would help to draft.

The French minister confirmed that the Rapid Reaction Force would not disturb the Bosnia-Herzegovina Army, something of great importance to Bosnia-Herzegovina. I believe that in this way the reservations which we had about these forces have been removed. We expect the technical questions of their presence on the ground will be sorted out between ourselves and General Janvier, Izetbegovic stressed.

President Izetbegovic thanked Minister de Charette for his visit, adding that it had resolved certain difficulties. They also discussed the scope for the recognition of Bosnia-Herzegovina and what the self-styled Yugoslavia might do.

We stressed that it was essential that the borders along the Drina River [between Serb-held Bosnia and the Federal Republic of Yugoslavia] be closed in order to remove any dual game which the Serbian Government could bring into play. On the one hand it conducts the peace process, while on the other hand, thanks to the porosity of the border, it continues to work for the project of a Greater Serbia. This possibility should be removed by the effective closure of the border. De Charette expressed full understanding for this and said that he would take effective measures, President Izetbegovic said. [passage omitted]

Parties Assess U.S. Congress' Arms Embargo Vote

AU0408070595 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 28 Jul 95 p 5

[Article by D. Omeragic: "An Act of Long-Awaited Justice"]

[FBIS Translated Text] The decision of the U.S. Senate to lift the arms embargo that the United Nations imposed upon Bosnia-Herzegovina represents a just act that entitles an internationally recognized state to its legitimate right to self-defense. However, one must view all the consequences of this decision without euphoria, that is the opinion of most of the political parties of Bosnia-Herzegovina.

The Party of Democratic Action [SDA] welcomes the decision of the U.S. Senate to lift the arms embargo for the Government of Bosnia-Herzegovina, Ismet Grbo, the party's spokesman said yesterday. That decision finally recognized the right of Bosnia-Herzegovina to defend its sovereignty.

More Good News

He interprets the great number of votes for the lifting of the embargo as the will of the American people to verify the right of Bosnia-Herzegovina to self-defense.

The Social Democratic Party of Bosnia-Herzegovina [SDP] hopes that the state leadership of Bosnia-Herzegovina has an elaborate, complete strategy for further relations with UNPROFOR [UN Protection Force], and, on the other hand, for a real implementation of the lifting of the embargo. We are not sure that the connection of the departure of UNPROFOR and the lifting of the embargo is a very good solution, Zlatko Lagumdzija, the SDP of Bosnia-Herzegovina vice president said.

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"We are aware of the fact that this is only the first step towards the actual help of the United States to Bosnia-Herzegovina. That is why the decision of the Senate should be accepted without euphoria. Many more things are now in our hands, but when and if we decide to terminate UNPROFOR's mandate, there will still be a lot of time before the effective U.S. military help really comes. Now it is the turn of our diplomacy and our army. Although it sounds paradoxical, the lifting of the embargo in this way will leave us more alone. This is also good as a form of pressure on the Clinton administration, because they, if they only wanted to, could help without such resolutions. After all, they already did so a long time ago in Afghanistan, although they never did it officially," Lagumdzija says.

According to Salih Foco, the vice president of the Liberal Bosniak Organization [LBO], the Senate decision represents a significant turn in the relationship of U.S. politics towards the events in Bosnia. "The lifting of the embargo will enable our army to acquire offensive weapons, together with defensive ones. However, that alone will not imply a turnabout on the front. A turnabout will be seen in the first half of next year at the earliest, and it will be achieved by the Bosnia-Herzegovina Army," Foco says.

The Republican Party of Bosnia-Herzegovina believes that, for the first time, this decision gives Bosnia-Herzegovina a realistic chance of defending itself from the aggression. "We have advocated the lifting of the embargo for a long time. The first reason is that it is unjust, because it denies the citizens their basic right to defend themselves from aggression. The second reason is because Bosnia-Herzegovina is a sovereign state, which remained unprotected by the international community. I am glad that it was precisely the republicans who contributed fully to the decision of the U.S. Senate," Stjepan Kljuic, the Republican Party president said.

London and Paris Are Bluffing

The lifting of the embargo will encourage the defenders of Bosnia-Herzegovina, who will not direct their courage to the killing of people, but to the defense of lives, homeland, state, and democracy, that is the attitude of the Croatian Peasants' Party of Bosnia-Herzegovina [HSS]. "This decision will force the world powers to examine their own relationships towards the war in the former Yugoslavia and the Balkan crisis. We believe that, with or without the embargo, the citizens of Bosnia-Herzegovina have no choice. We have to go on living. However, the lifting of the embargo will be an instrument that will punish the evil," Stanko Sliskovic, the HSS vice president says.

This decision is the triumph of those forces in the United States that look at the events in our country in a realistic way, Mujo Kafedzic, the vice president of the Muslim Bosniak Organization [MBO] said. "The lifting of the embargo will put the aggressors in a position in which they will not be able to go on acting as they do now. There is no doubt that the forces on the front will be equalled. However, we have to wait and see what President Clinton says. I believe that London and Paris are bluffing with their threats to withdraw their forces from UNPROFOR."

Hasib Salkic, the secretary general of the Liberal Party, says that, after the U.S. Senate decision, we can expect similar moves by other friendly countries, including European ones. "This is a political and military pressure on the Bosnian Serbs, in order to bring them back into the limits proposed by the Contact Group plan. I believe that, in the fall, we can expect new negotiations for the ending of the war."

The United States has finally began to get involved with the solution of the war in Bosnia-Herzegovina, Nermin Pecanac, vice president of the Union of Social Democrats of Bosnia-Herzegovina [UBSD] believes. This will result in a positive development of events on the ground.

Zubak Offers Amnesty to Rebel Muslims

LD0408095595 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 4 Aug 95

[FBIS Translated Text] Bosnia-Herzegovina Federation President Kresimir Zubak today sent an appeal to the followers of [rebel Muslim leader] Fikret Abdic, which says:

On the basis of the agreement between the Croat and Muslim-Bosniak peoples, established common interests and the two peoples' objectives in their struggle for freedom, I am again calling on all members of Abdic's units to join the units of the Croatian Defense Council [HVO] or the Bosnia-Herzegovina Army, in order to crush the resistance of the Serbo-Chetnik aggressors with unified forces.

The latest military successes clearly show that our power is ascendant and the aggressor army is in disarray. This is your last chance to take sides and make a resolute move. To all of you who join the Croat Defense Council or the Bosnia-Herzegovina Army in the next few days, I guarantee the implementation of the law on amnesty.

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5th Corps Urges 'Surrender'

AU0408093795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 4 Aug 95

[FBIS Translated Text] The Command of the 5th Corps of the Army of the Republic of Bosnia-Herzegovina and the organs of legal authorities of Una-Sana Canton have issued an appeal to the members of Abdic's paramilitary formations, asking them to surrender honorably and benefit from the provisions of the amnesty proclaimed by the Presidency of the Republic of Bosnia-Herzegovina. Among other things, the appeal states the following:

It is high time for you to make a reasonable decision and surrender honorably, and, while enjoying the full guarantee of the legal and legitimate organs of Una-Sana Canton, denounce the shameful path on which you have been led by Fikret Abdic.

Do not allow the Krajina Serbs to push you in front of the Croatian Army and police. Do not allow even a single drop of the Bosnian or Croat peoples' blood to be spilt anymore. You must realize who your are and what you are doing, and act reasonably. Surrender with honor to the first units of the 5th Corps of the Army of Bosnia-Herzegovina. Capitalize on the constitutional right to amnesty.

The people of Una-Sana Canton and the state of Bosnia-Herzegovina are completely prepared to forgive you what you have done so that the spilling of brotherly Bosnian blood stops, the appeal issued to the members of Abdic's paramilitary formations states, calling them to surrender honorably and use the amnesty.

Izetbegovic Speaks at Republic Assembly Session

LD0308225395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 3 Aug 95

[FBIS Translated Excerpt] The longest debate in today's Bosnia-Herzegovina Republic's Assembly session was on draft amendments 81-83 to the Consitution of the Republic. This was understandable because this relates to the affiliation of the national groups to this state, the election of the president of the Presidency in the event of his not being able to carry out his duties for any reason or in the event of a state of war, and the election of a member of the presidency who would carry out this duty instead of some other member who is prevented from doing this for [word indistinct] reason. [passage omitted]

Because members of the Bosnia-Herzegovina Government did not have their own standpoint on the draft amendments, Alija Izetbegovic, president of the Presidency, joined in the discussion. He stressed that now is the right time to resolve this key issue.

[Begin Izetbegovic recording] It seems that the Presidency is not the body which should resolve this dilemma [words indistinct], but it is the Assembly which should do this. The whole thing revolves around this. After this, I insisted on the writing of this text. [sentence as heard] It was somewhat different and controversial, but its essence, nevertheless, lay in this: In the event of the death of the president [word indistinct], because I do not know [word indistinct] Sarajevo [word indistinct], you know what things are like [words indistinct] Igman; every day I go there, I see [words indistinct]. Our car was destroyed a year and-a-half ago; (?a shell) landed on the car, etc. You can imagine such a situation. When it is a matter of politics, it is a matter of trust, but this is always a limited trust in politics. [end recording]

The speech by President Izetbegovic probably made it easier for the deputies in the Assembly to vote in favor of amendments 81-83 to the Constitution of the Republic of Bosnia-HerzCegovina. [passage omitted]

Assembly Proceedings Reviewed

LD0308220395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1925 GMT 3 Aug 95

[FBIS Translated Excerpt] Today's proceedings of the Bosnia-Herzegovina Assembly ended this evening. The deputies discussed six items on the agenda. The first referred to draft amendments 81, 82 and 83 to the Constitution of the Republic of Bosnia-Herzegovina. Let us just say briefly that amendment 81 was adopted with two abstentions, 82 with six votes against and three abstentions, and 83 with six against and two abstentions. [passage omitted]

Miro Lazovic, president of the Bosnia-Herzegovina Assembly, read the letter of Haris Silajdzic, the prime minister of the Republic and Federation of Bosnia-Herzegovina, in which he informed the deputies about his resignation. It was decided that the prime minister should continue to perform this function until the next session of the Bosnia-Herzegovina Assembly, when the outcome of the vote of confidence in the government and the vote on Prime Minister Silajdzic's resignation is expected to be known.

The third item on the agenda, on an acting presidency member, was adopted with six abstentions. Edhem Bicakcic was appointed to act on behalf of Ejup Ganic until the latter can resume his duties.

The fourth item, a draft decision on the election of members of the Bosnia-Herzegovina Government, was also adopted.

The fifth item, a draft decision on confirming the decision to appoint Foreign Minister Muhamed Sacirbe-

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govic, was adopted unanimously. Minister Sacirbegovic was sworn in in front of Assembly President Miro Lazovic.

Muhamed Sacirbegovic then spoke about the sixth item on the agenda, the current political situation, with emphasis on the foreign policy and the UN Protection Force's role in Bosnia-Herzegovina.

Let me remind you that the Bosnia-Herzegovina Assembly will resume its 11th session at 0900 [0700 GMT] tomorrow.

Silajdzic Urges Confidence Vote

AU0308193595 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 3 Aug 95

[Report by Enes Osmancevic from Zenica]

[FBIS Translated Text] At the beginning of today's Assembly session, Bosnia-Herzegovina Assembly Chairman Miro Lazovic informed deputies about the proposed changes and addenda to several laws. Deputy Boro Bjelobrk proposed that a get well telegram be sent to Ejup Ganic and he requested complete information about Dr. Ganic's state of health.

Deputy Hasan Hajrulahovic recalled the late Irfan Ljubijankic, (Izet Muhamedagic), and their associates, who had played significant roles in the (?defense) of the Bosnian Krajina.

Deputy Mirsad Dzapo proposed changing the order of the points on the agenda [words indistinct] a new point pertaining to the election of new deputies. The Commission for Mandates and Immunity will address this issue in tomorrow's continuation of the Assembly session.

However, the most striking event was when Prime Minister Haris Silajdzic suddenly proposed that two new points be added to the agenda: a vote of confidence in the government and on the prime minister's resignation. Prime Minister Silajdzic requested a vote of confidence in the government and informed the deputies that he had already informed the Party of Democratic Action deputies club of this decision at today's meeting.

There has been a 15-minute recess so that procedural and legal issues can be harmonized. The recess is just about to end and the session should resume within the next few minutes.

Silajdzic Resignation Letter Read

LD0308194695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1835 GMT 3 Aug 95

[Letter of resignation by Bosnian Prime Minister Haris Silajdzic, read out by Miro Lazovic, Bosnia-Herzegovina Assembly president, at an Assembly session in Sarajevo—live; monitored in progress]

[FBIS Translated Text] Unfortunately, we must return to item three on the agenda (?after the break), because have I received a letter from Mr. Silajdzic, prime minister of Bosnia-Herzegovina, which reads:

Esteemed Mr. President, in accordance with Article 227/3 of the Constitution of the Republic of Bosnia-Herzegovina, I am resigning from the post of the prime minister of the Republic of Bosnia-Herzegovina. I beg you to inform the Assembly deputies about my resignation at this session.

I [Lazovic] can only say that, with regard to this resignation, the prime minister and the government will remain in power until the next election. We will inform the Presidency about the [word indistinct] procedure [words indistinct].

SDA 'Obstructs Constitution'

AU0308130195 Split NEDJELJNA DALMACIJA in Serbo-Croatian 28 Jul 95 p 4

[Article by Zeljko Ivankovic: "Deputy's Deputy"]

[FBIS Translated Text] In the shadow of the fall of Srebrenica, while people still express suspicions about it and hypothesize on the responsibility of the Bosnia-Herzegovina regime as well as that of the inevitable UNPROFOR [UN Protection Force], another game goes on. A political one. After the request that the Constitution be changed and a vice president installed, and the intended vice president [Ejub Ganic] suffered a serious traffic accident in the meantime, the Bosniak caucus in the Parliament of the Republic (Federation) of Bosnia-Herzegovina unanimously proposed Edhem Bicakcic to take the post of a member of the Presidency of the Republic of Bosnia-Herzegovina, and of the vice president of the Federation of Bosnia-Herzegovina, until Ejub Ganic returns to his regular duties. Together with this news, the fact that the meeting was attended by Alija Izetbegovic and General Rasim Delic was equally important information.

Trenches and Telephones

The whole thing instantly aroused agitation, at least that of a political nature. And while the world was still busy with another mistake of Bosnian policy (Silajdzic's threat to call volunteers from Islamic countries echoed like a thunderstorm, just like Ganic's earlier threat of terrorism) more than with their own betrayal of Srebrenica, on the domestic level the trench battle already started. Telephones began to ring. Herzeg-Bosnia cannot

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accept such a formulation of a "deputy deputy." Presidency members did not say anything, but they found it strange that nobody even tried to hear their opinion about it. The president of the Constitutional Court of Bosnia-Herzegovina, Ismet Dautbasic, instantly reacted: "There might be work for the Constitutional Court!" The secretary general of the parliament, Avdo Campara, gave his opinion; according to him, there is nothing disputable in this. Finally, journalists got involved with the whole "problem." All that time, the Presidency did not know anything officially.

What all this is about is that the momentarily third man of Muslim politics is trying to get infiltrated into the highest authorities, in an institutionally noninstitutional, legitimately illegitimate, constitutionally nonconstitutional way [sentence as published]. Therefore it would not hurt to see what all that means and where all that resistance comes from. As for the institution of the state president and vice president and what the Party of Democratic Action [SDA] wants in the Presidency: The SDA, which controls the Bosnia-Herzegovina Army, wants to be sure who the commander of that army will be, "just in case," since this is obviously not the Presidency which will be that. [sentence as published] And since that "just in case" partly happened in the meantime, the army wants to know by whom it will be commanded. [sentence as published] That is why Gen. Delic was present at the meeting in Zenica, when Bicakcic was proposed as the deputy's deputy. That is understandable, but everything else is, to put it mildly, more than disputable and needs a detailed discussion on the method and on everything else. Judge Dautbasic knows that as well; he has already had problems with constitutional solutions and the way the Presidency was chosen. For Mr. Dautbasic it is clear that law does not accept temporariness, but clearly states the precise period for which somebody is elected. So, under optimum conditions, Bicakcic could possibly be the vice president of the Federation, if the Federal Parliament votes for that, but in that case Ganic would no longer be the vice president, namely, there is no such function as the deputy deputy or the temporary vice president, and particularly not "until Professor Ganic is back at his regular duties." As for the Presidency, it already has six members, as well as those who are there according to war regulations; and one member more or less is not a reason for the deputy member to be appointed. For example, Tatjana Ljuic-Mijatovic, who is more often in Vienna than in Sarajevo, does not have a deputy when she is not able to perform her duties. The issue of ownership over a Presidency member is a special case, which is exactly what the SDA wants.

There have been no elections for a long time, so people tend to forget this: Presidency member is an elective function, and an expression of the will of the electorate, expressed through their voting for specific names among the representatives of Croats, Muslims, and Serbs; and, if somebody leaves the Presidency by his own will or otherwise, it is filled by the next person on the list. This means that if Ganic withdrew from the list, it would be the turn of, for example, singer Nazif Gljiva, who said but a short time ago, "if somebody from the Presidency gets killed, it is my turn." However, since the issue is more serious than some Gljiva, then it should be treated in a serious way, and not play state with Bicakcic, no matter how serious he might be, namely, if the present members of the Presidency are unable to compensate for Ganic's absence, then they do not deserve to be members; it makes one wonder where all the doubts of the SDA in the Presidency and its members, all but Ganic and Izetbegovic, come from.

Incompatibility of Posts

As for Bicakcic, there are many other problems too. He is, must we repeat a delegate in the Parliament, and the two posts, the state post and that of a delegate, are incompatible anywhere else in the civilized world. He is the vice president of the SDA, general director of the Elektroprivreda [electric-supply industry] of Bosnia-Herzegovina, and the number of other functions he performs would be too much for men of genius, which cannot be found in Bosnia-Herzegovina. And while he is recommended by the SDA, everything else speaks against him. In fact, not against the man with that name and with such and such qualities, but against the thoughtless proposition which disregards all democratic norms. Of course, the proposal is still not a finished thing, but having in mind Bicakcic's recent aggressive bearing on TV concerning the nomination of the vice president, then one knows that everything can be done by hook or by crook. Avdo Campara's words showed the same thing. All is possible. After all, that was proved before, when Kljujic [former presidency member, former leader of the Croatian Democratic Community in Bosnia, now leader of the Republican Party] "resigned" and was replaced by Lasic [Croatian Democratic Community], and so on.... Campara is known as a jurist who can do everything, and the guarantee for "everything" is in the phrase "everything is in the hands of the Parliament," meaning everything is a matter of political will, which is expressed through majority vote in the republic assembly. And by consensus in the constitutional assembly.

Campara also invited representatives of political parties in order to feel their pulse. As it seems, nobody is

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prepared for such juristic acrobatics, because they harm the state in a moment which is far from rosy on the international plane, and on the internal plane, with the military fall of Srebrenica, people have fallen in a sort of depression. But regardless of that, one cannot help noticing that somebody, at times it is the club of Muslim delegates, at times the leadership of the SDA, constantly tries to obstruct the Constitution and push aside what was proclaimed as the fight for the undivided Bosnia-Herzegovina a long time ago. Those obstructions do not only imply ignoring the international community, no matter how unjust, even criminal, that community is in relation to Bosnia-Herzegovina, but also ignoring all those non-Muslims and non-SDA followers who still want Bosnia-Herzegovina as their state.

Nobody ever said, officially or unofficially, how long Ganic is expected to be absent from his regular functions, i.e. how serious his injuries are: Six months, nine, 12. We know how committed Ganic's work for the Federation was, his engagement in the Presidency almost immeasurable, we know how hard the Croatian side (and, we suppose, the same goes for the Muslim side) found his absence (temporary, of course) from that work; the only ill-advised thing is that the responsible politicians of the Muslim nation did not evaluate the circumstances, the right moment, and most important, the method of doing things. And the method is—democracy! The procedure is democracy. And it would have been gentlemanly if the Presidency and the president of the Federation had at least been acquainted with the procedure. It is clear that Zubak must have a partner on the Muslim side in the affairs of the Federation; he needs a partner more than anybody else in the Presidency, but it is more than evident that the way is not legal and that such a procedure in that way cannot be approved.

So it all boils down to simple things: Zubak needs a partner and Delic, with Izetbegovic, the cocommander of the army. The only thing left is to kill two birds with one stone and at the same time fulfill all other obligations, in the first place legal ones. Or otherwise, as seen by one analyst here, it is "a decision that will be enforced no matter how," and that is what Sloba [Slobodan Milosevic] has already taught us about politics. However, it remains to be heard, from the official reaction from Mostar, how the Croatian partner in the Federation looks on this, and whether Bosnia-Herzegovina needs such a thing, at this moment, or at all.

Assembly Discusses UNPROFOR

AU0408122095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 4 Aug 95

[Report by Enes Osmancevic from Zenica]

[FBIS Translated Text] At the Assembly session here in Zenica, a recess that will last until 1500 hours [1300 GMT] has just been announced. During the Podnevna Hronika newscast of Bosnia-Herzegovina Radio, Republican Assembly Chairman Miro Lazovic tried to summarize and formulate a draft of the conclusions of the speeches made so far which concerned the current political situation and foreign policy, and particularly the role of UNPROFOR [UN Protection Force] in our country. Of course, the conclusions have still not been formulated, but what we may say is that support has been expressed for the report of Muhamed Sacirbegovic, minister of foreign affairs of the Government of Bosnia-Herzegovina, and that the Assembly will draft and send a document to the United Nations, Butrus Butrus-Ghali, and the European Union protesting their relations with Bosnia-Herzegovina so far.

After that, there were several more speakers, Boro Bjelobrk and Safet (Ibic) who had more proposals, and Professor Abdulah Konjicija, who demanded that a commission be formed immediately by members of the Presidency, Government, and the Assembly of the Republic of Bosnia-Herzegovina to prepare a declaration protesting the international community's relations with Bosnia-Herzegovina. The document, according to Prof. Konjicija, should be drafted today during the session.

Chairman Miro Lazovic said that the written resignation, tendered by Prime Minister Silajdzic to the Assembly, will be presented to the Presidency for member's opinions.

As we already said, the Assembly session is in recess until 1500, and after that, we will contact you again. We expect the conclusions of the debate on the sixth item of the agenda will be completely defined and finalized then.

SDA Assesses Refugee Situation, Cooperation

AU0308161995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 3 Aug 95

[Report by unidentified correspondent on a press conference by the SDA's Zenica branch in Zenica on 3 Aug—recorded]

[FBIS Translated Text] Refugees from Zepa have been accommodated in the areas of Vares, Breza, Visoko, Kakanj, Fojnica, and Zenica; half of them have been

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accommodated in [word indistinct] of the Zenica Municipality. We are currently trying to find more permanent accommodation for refugees from reception centers, [words indistinct] cantonal committee of the Party of Democratic Action [SDA], state bodies, political organizations, international humanitarian organizations are investing substantial effort to help [words indistinct] who have accommodated Zepa refugees. [Name indistinct], a refugee from Zepa, spoke about the journey from Zepa to Zenica and the abuse that Zepa citizens had been exposed to in buses unaccompanied by UN members, particularly on the engagement lines between [word indistinct] and Kladanj. He thanked the people of this region for the warm and humane welcome that they had extended to the Zepa refugees.

Professor Ismet Grbo said that this morning, some 1,000 to 1,500 Zepa citizens who had not been part of the evacuation had crossed the Drina River into Serbia where the ICRC [International Committee of the Red Cross] had already registered all of them. They are safe, [words indistinct] with our authorities' consent, Grbo said. [passage indistinct] Addressing yesterday's meeting between high-ranking state officials of the Bosniak and Croatian people, Dr. Grbo said that this meeting had resulted in a further improvement of relations between the Bosniaks and Croats. Several stances were harmonized [words indistinct] and the implementation of the Split Declaration. An expert team was formed based on the debate on ways of integrating the funcitons of the republic and federation at the level of the Republican Presidency, the Federation president, vice president, and the Republican and Federation Governments, which will study and prepare political and legal solutions [words indistinct]. [Words indistinct] bodies of authority, which will enable the Federation Government to carry out its duties throughout the Federation. [passage indistinct]

Commentary Sees 'Beginning of the End' for Serbs

AU0308162095 Ljubljana OSLOBODJENJE (Europe Edition) in Serbo-Croatian 3-10 Aug 95 p 2

[Commentary by Gojko Beric: "Explosion in Sight"]

[FBIS Translated Text] This war is writing a new history of Bosnia-Herzegovina. It is too early to say what its final version will look like. Any history that is created primarily by "war as a continuation of politics by other means" is murky as a rule. This is also true of Bosnia's. It is being written by two parallel trends. One is the events on the ground that shape the actual situation, while the other is the secret political and diplomatic deals. The bloody face of Bosnia, mutilated by the Serb aggression, only attracts well paid television reporters these days. This face does not move in the least those who decide on the fate of the world. Butrus-Ghali recently reacted angrily to a statement that the United Nations were mostly to be blamed for the Bosnian tragedy. He said that there were countries in which the situation was much worse, "but there were not so many television cameras there."

Bosnia's fate is being decided by guns and international diplomacy. While the Serb guns were busy establishing a new situation on the ground, the leading powers mainly just adjusted to the newly created reality. The fall of Srebrenica and Zepa marked the summit of their bias toward the Serbs. There were hardly any reactions, either, when Croatian forces captured Bosansko Grahovo and Glamoc. In the latter case, the United States could find justification in the Washington Agreement, which legalized the military cooperation between Croatia and Bosnia-Herzegovina. But what about Russia? It is certainly not keeping quiet to compensate for its own bias, but because it knows certain things. No one is naive any longer after 40 months of war. Not one serious analyst will be ready to swear that there is no international deal on the partition of Bosnia-Herzegovina. But no deal is possible without Belgrade's and Zagreb's consent.

The Croatian media have been displaying triumph over the capture of Grahovo and Glamoc. Kupres was captured in a similar way last year. Every war is fed on emotions, but there seems to be some overdoing of it here. The reason is probably because no great battle has yet taken place in Bosnia, so the capture of deserted towns is celebrated as a great victory. Fran Visnar, the normally composed military analyst, wrote in Zagreb's VJESNIK that this was a great turning point in the war. When one tastes the sweet taste of success, one does not stop halfway just because of one or two hitches. For example, the Croatian Army and the Croatian Defense Council are capable of repeating the southwest Bosnia operation in Popovo Polje, thus ensuring that Trebinje is no longer a nest of terrorists from which the Dubrovnik hinterland can be shelled. If this can be of any consolation to the Bosniaks, Srebrenica and Zepa have been vindicated in places where it hurt and rattled the Serbs most.

The primary goal of the Croats at this stage of the war is to move Serb artillery as far as possible from their towns. However, Sarajevo still sent them euphoric congratulations. The Bosniaks are inclined to believe that the Croats have decided to forge the borders of the Federation together with the Bosnia-Herzegovina Army. Developments will show how right this assessment is. Sarajevo will prove to be the biggest test. The military commanders of the self-declared Herzeg-Bosnia claim that the lifting of the Sarajevo blockade is not their top priority. This view is a little confusing and hard to

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reconcile with the statement by President Izetbegovic that Sarajevo will not spend another winter under the blockade. This could lead to the conclusion that the ultimate goal of the Bosniak-Croatian military alliance is not absolutely clear.

Autumn is approaching, and events are gaining momentum. Some front lines are changing dramatically. Forced to leave Grahovo and Glamoc to Croatian forces, the Serbs seem to have given up trying to capture Bihac. Karadzic has ordered a counteroffensive in southwestern Bosnia, also threatening to take Livno. General Manojlo Milovanovic is to be in charge of this operation. Western military analysts are predicting an imminent Serb counteroffensive. However, Karadzic threatened the same after the fall of Kupres and nothing ever came of it. Gen. Mladic is furious not to have managed to lay his hands on several thousand Bosniak fighters; Bihac has not been taken; Grahovo and Glamoc have been lost; and Tudjman seems to be able to take Knin whenever he feels up to it. The Serbs have not been defeated yet, far from it, but events seem to be announcing the beginning of the end for them.

Still, the political situation is so complicated that one must be cautious with any predictions. Tudjman has chosen a very belligerent manner in his political clash with the rebel Serbs. He has set them very strict conditions for negotiations with a very short deadline, accompanied with the fiercest threats so far. The Croatian president would not have done this without a green light from an important center. On the other hand, the five most influential opposition parties in Serbia are demanding that Milosevic give military assistance to the Bosnian and Croatian Serbs and declare a war on Croatia. As if Serbia had not been at war for over four years, with or without any declaration.

An explosion is in sight, be it the beginning of a new war or a finale of a great ruthless political game in which we have all been tricked.

Karadzic's Serbs Threaten To Shell Dubrovnik

AU0308173595 Paris AFP in English 1734 GMT 3 Aug 95

[FBIS Transcribed Text] Banja Luka, Bosnia-Herzegovina, Aug 3 (AFP)—The Bosnian Serbs threatened Thursday [3 August] to shell the Croatian port city of Dubrovnik unless Croat forces stop attacking the Bosnian town of Drvar, a television report said.

Bosnian Serb television said the historic Croatian city of Dubrovnik, shelled during the Croatian war of 1991, would be hit again if Croatian forces continued shelling Drvar in western Bosnia.

Bosnian Croat and Croatian forces have been on the move in western Bosnia since last Friday when they seized the Serb-held towns of Bosansko Grahovo and Glamoc.

Residents 'Head for Shelter'

AU0308183395 Paris AFP in English 1804 GMT 3 Aug 95

[FBIS Transcribed Excerpt] Zagreb, Aug 3 (AFP)—Bosnian Serb forces shelled the Dubrovnik area of southern Croatia on Thursday [3 August], the Croatian news agency HINA said. [passage omitted]

Bosnian Serb army headquarters urged the civilian population of Dubrovnik to "head for shelter" in a communique broadcast on Bosnian Serb television, monitored in Banka Luka in northern Bosnia.

"The aggressor army of the Republic of Croatia bombarded the city of Drvar where there are only civilians and refugees from Grahovo and Glamoc," it said.

Those are two Serb towns seized last Friday by Bosnian Croat troops and soldiers from the Croatian Army.

"If these actions do not stop immediately, the Army of the Serb Republic (self-proclaimed Bosnian Serb republic) will respond in an adequate fashion against the centre of Dubrovnik," the communique said. [passage omitted]

Gorazde Exposed to 'Fierce' Shelling

AU0408112995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 4 Aug 95

[FBIS Translated Text] The region of the protected zone of Gorazde has been exposed to fierce artillery fire of the Serbian-Montenegrin aggressor and Karadzic's Chetniks since early morning hours. Three civilians have been wounded.

British Troops on Alert

LD0308133795 London PRESS ASSOCIATION in English 1230 GMT 3 Aug 95

[Article by Charles Miller, defense correspondent, PRESS ASSOCIATION News]

[FBIS Transcribed Text] British troops in the besieged Bosnian enclave of Gorazde were on alert today after a massive flare-up between the warring factions. The 200 men from The Royal Welch Fusiliers watched as a "very fierce firefight" erupted between Muslim and Bosnian Serb forces.

"Fighting has died down but we are watching closely to see whether this was just a one-off or whether we

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are seeing the start of a new round of fighting," said Army spokesman in the former Yugoslavia Lt. Col. Barry Hawgood. "It was a very fierce firefight to the east of the enclave but it did not affect the British force."

The West has issued a firm warning to the Bosnian Serbs that an assault on Gorazde or the other enclaves of Bihac, Tuzla, and Sarajevo will lead to extensive airstrikes including direct bombing of troop formations. Since the Gorazde ultimatum was issued last month, the situation in and around the enclave has remained relatively calm. Five UN convoys successfully reached the town and the British force received urgent supplies.

Meanwhile, the multinational brigade, made up primarily of British and French battle groups, has been placed under the command of French General Andre Soubirou. British Warrior armoured fighting vehicles, 105-mm artillery guns and other equipment are being painted in camouflage green and black as they are prepared for action. Highly visible UN white is unsuitable for the brigade's new role to boost protection of allied forces and the enclaves, as it could involve intensive fighting.

The second element of the Rapid Reaction Force, the 4,000-strong 24 Airmobile Brigade, is now expected to be fully operational in two weeks. The first infantry soldiers from the 1st Battalion The Royal Anglian Regiment will fly out to the Croatian port of Split tomorrow. A total of 39 RAF [Royal Air Force] and Army helicopters, Lynx, Pumas, Gazelles and Chinooks, will fly to the region once firm bases are constructed for them at Ploce, where the brigade is to be based.

Plavsic: Milosevic Hoped To 'Humiliate' RS

LD0308201595 Belgrade SRNA in Serbo-Croatian 1908 GMT 3 Aug 95

[FBIS Translated Text] Banja Luka, 3 Aug (SRNA-BETA)—Biljana Plavsic, vice president of the [Bosnian] Serb Republic [RS], said today that Serbian President Slobodan Milosevic "consciously wanted to humiliate the RS state leadership" in his letter to military commander Mladic. "With this letter, Milosevic put Mladic in the worst possible position," Plavsic said in a statement for BETA news agency. She then asked: "Does he really have such a lo[illegible] opinion of the man to put him in such a position?"

According to the RS vice president, Milosevic "wanted to wipe out the RS state leadership and to show the world that there is no organized state and state leadership in Bosnia, only a military leadership. We all know that the world is allergic to military regimes," Plavsic said, and noted that Serbian President Milosevic could "at least formally" be fair toward Karadzic, bearing in mind their past contacts.

Biljana Plavsic said that the content of the letters to Izetbegovic and Mladic was "positive," and added that these were "sensible letters" containing largely "the RS political stands." She underlined RS efforts to end the war and hostilities, and to embark upon the peace process. "Our stand is well known to Milosevic, hence he should not address us, but those who take advantage of all cessations of hostilities," Plavsic said.

The RS vice president voiced doubt that a reason for Milosevic's letters was the flight of Muslims to the territory of the Federal Republic of Yugoslavia, because "they believed they were safer in Yugoslavia."

According to her, the letter's author "is not naive not to know this, so it turns out that he is touched by the fact that 700 Muslims thought they were safer in the Federal Republic of Yugoslavia." Biljana Plavsic also said in the statement for BETA that Milosevic's letters were "demagogic."

Serbs Claim Success Against Muslims, Croatians

LD0308183195 Belgrade TANJUG in English 1810 GMT 3 Aug 95

[FBIS Transcribed Text] Bileca, Aug. 3 (TANJUG)—Muslim and Serb forces were engaged in heavy battles Thursday on Mt. Treskavica, southeastern Bosnia, the Vlasic and Srbobran fronts, central Bosnia, and the Kupres plateau, the borderline between central Bosnia and northwestern Herzegovina. The Bosnian Serb Army reported that Muslim forces were again on the move in an effort to retake the important elevations on Mount Treskavica they had lost three days ago.

Muslim and Serb troops were engaged in hand-to-hand combat in some sections of the about 40-km long front, the communique said and specified that the Muslim side had been unsuccessful in its attempts to push back the Serb defenses on Mount Treskavica. Bosnian Serb military sources reported that Muslim troops had sporadically opened heavy fire on the Serb defenses in the region of the UN-designated safe area of Gorazde in eastern Bosnia.

Bosnian Serb forces were successful in checking all attacks launched by Croatia's regular army units on the Grahovo-Glamoc front in southwestern Bosnia-Herzegovina and inflicted heavy losses in manpower and materiel on the enemy, Serb sources said. On the Sarajevo front, Muslim troops were mostly resorting to sniper and artillery fire.

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Akashi: Offensive on Krajina Hard To Understand

LD0408090195 Belgrade TANJUG in English 0831 GMT 4 Aug 95

[FBIS Transcribed Text] Zagreb, August 4 (TANJUG)—UN Special Envoy Yasushi Akashi said Friday it was hard to understand the offensive of the Croatian forces against the Krajina Serbs, especially after the international mediators secured from the Serb side considerable concessions in the peace talks. He told newsmen in Zagreb it as really difficult to understand what was happening.

He stresssed that U.S. Ambassador in Croatia Peter Galbraith and U.N. mediator Thorvald Stoltenberg secured concessions from Krajina Serbs.

Akashi could not say whether Stoltenberg, who presided the talks between the Croatian and Serb Krajina delegations in Geneva, would go ahead with his planned visit to Zagreb and Knin Friday. He noted that it was hard to say what Stoltenberg would do, as faced with the hard line Croatia has chosen, there was really very little the UN could do.

He also said that Zagreb had immediately prior to the offensive warned the UN what it was up to so that the peacekeepers stationed in Knin, which found itself under strong artillery fire, sought protection in shelters.

UNHCR Preparing for 'Massive' Krajina Exodus

AU0408112595 Paris AFP in English 1117 GMT 4 Aug 95

[FBIS Transcribed Text] Geneva, Aug 4 (AFP)—The UN High Commissioner for Refugees (UNHCR) was preparing itself Friday [4 August] for a massive exodus of Serb refugees fleeing the fighting in Krajina, a UNHCR spokesman said here.

"We could be seeing tens of thousands of people coming out of Krajina if this situation continues," the spokesman Ron Redmond said.

He said the refugees would probably try to reach territory in Bosnia under Serb control.

As yet the UNHCR had not received any news from the embattled town of Knin, "capital" of the self-declared Republic of Serb Krajina in Croatia. UNHCR representatives stationed there were no doubt sheltering from the fighting after Croatian troops launched an offensive against separatist Serbs early Friday, Redmond said.

The UNHCR was aware that a convoy of some 100 vehicles had left the Topusko region of Krajina for the Serb-controlled town of Bosanski Novi in Bosnia, and the organisation was all set to despatch aid from Belgrade and Zagreb.

Redmond added that the UNHCR was already helping more than 1.3 million displaced people in Bosnia but he put the total number of people needing assistance at more than 2.7 million. The number of displaced people throughout former Yugoslavia stood at over 3.7 million, he said.

The Croatian army launched a major offensive against the breakaway Serbs early Friday, pounding Knin and other towns in the Serb-held Krajina territory, and mounting air raids and punching through into the region with tanks.

Separatist fighters reportedly hit back, raining shells down on several Croatian cities and towns, while Bosnian Serbs also responded to the attack on their Croatian brethren by shelling Croat sectors of the town of Mostar in southern Bosnia-Herzegovina.

Tudjman Receives German Envoy; Kohl Message

LD0308141095 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 3 Aug 95

[FBIS Translated Text] We have just received the following statement from the president's office:

Croatian President Franjo Tudjman received in the presidential palace today German Ambassador to Croatia, His Excellency Horst Weisel, at the latter's request. Their talks were also attended by head of the president's office Hrvoje Sarinic.

The German ambassador said that Chancellor Kohl asked to visit the Croatian president personally in order to learn about his opinion on the situation in Bihac and around it, and in and around occupied areas of the Republic of Croatia, and in order to convey directly to President Tudjman the official stand of the German Government in connection with the exacerbation of the crisis in Croatia and Bosnia-Herzegovina.

The Croatian president expressed understanding for Chancellor Kohl's wish that the Republic of Croatia should not contribute to the deepening of the current crisis and the escalation of the war, and noted that both he personally and the Croatian Government hold in high esteem the support that Germany has offered to the Republic of Croatia at all important moments over the past few years.

The Croatian president further said that the Croatian Government will continue to adopt decisions which will at the same time contribute to peace in the Republic of Croatia, to the defense of its strategic interests, and also to the overall resolution of the crisis on the territory of former Yugoslavia. President Tudjman reiterated the previously presented proposals which the Republic of

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Croatia offered to Croatian Serb rebels through Yasushi Akashi, the UN secretary general's special envoy for former Yugoslavia, regarding the peaceful reintegration of occupied areas which the Croatian delegation is discussing in Geneva today.

If the Serb side accepts these proposals Croatia will welcome it with great pleasure. If the rebel Serbs again fail to accept the peaceful reintegration of occupied areas of the Republic of Croatia and continue with violence and provocations against Croatia and Bosnia-Herzegovina, Croatia will be forced to take the most stringent measures in order to stop the attacks on the UN protected area in the Bihac pocket and in the northern and southern occupied areas in the Republic of Croatia.

Of course, the Croatian Government will continue to respect all civil and ethnic rights of the Serb national minority, and in this sense, it agrees to the presence of international observers.

In concluding their talks President Tudjman stressed that such a tough approach to the resolution of the crisis is not only in the interest of the Republic of Croatia, but also in the interest of the international community whose efforts so far failed to stop the greater Serbian aggression on the Republic of Croatia and the Republic of Bosnia-Herzegovina. He also briefed Ambassador Weisel about the extremely positive progress achieved in talks on the strengthening of the Croat-Bosniak federation and the confederation with the Republic of Croatia.

Tudjman Announces 'Military-Police Measures'

AU0408042995 Zagreb Radio Croatia Network in Serbo-Croatian 0300 GMT 4 Aug 95

["Appeal by Dr. Franjo Tudjman, president of the republic, to the Croatian citizens of Serb nationality from the occupied territories of Knin, Gracac, Lapac, Korenica, Slunj, Glina, Dvor, and Petrinja"—read by studio announcer]

[FBIS Translated Text] Considering that all efforts made thus far, including those in Geneva yesterday, by both the Croatian authorities and the international community for peaceful integration of the Croatian occupied regions, considering that the initiators of the rebellion in Croatia, Martic and others, instead of responding to the appeal for peaceful reintegration, are continuing the war against the Croatian state and together with the leaders of the rebellion in Bosnia, Karadzic and others, are making new conquering plans for the joint conquest of the protected area of Bihac, which Croatia cannot allow;

Considering that the Croatian and Bosnian Serbs are not only hindering the return of the refugees but are continuing to expel the non-Serb population, considering that the Serb extremists since the very beginning of the rebellion have been and are still asking for help from the remnants of Italian fascism, offering the division of the Croatian territories between Italian and Serb imperialism, considering that wild Serb paramilitary units are continuing to carry out terrorist attacks on civilian population from Slavonia to Dalmatia, shell Croatian areas and the towns of Otocac, Gospic, Karlovac, and, as they were holding political negotiations on peaceful reintegration with the Croatian delegation in Geneva, they even shelled the Dubrovnik area, where new human lives have fallen, and considering that all efforts by the Croatian state and the international community to peacefully reintegrate the alienated parts of Croatian territory and place it under Croatian sovereignty have been rejected and tricked, the Croatian state is forced to take military-police measures to reintegrate the aforementioned occupied territories in its constitutional-legal system.

We are forced to make this decision in order, after four years of negotiations in vain, to put a stop to Croatia and the international community being further tricked, and in order to ensure the beginning of the return of refugees to their homes.

Therefore, in the name of the democratic authorities of Croatia, I appeal to the members of the Serb paramilitary units who have been mobilized either voluntarily or by force to the Serb paramilitary units to hand over their weapons to the Croatian authorities, with the guarantee that they will be given amnesty under the existing Croatian laws.

I appeal to the initiators of the rebellion to understand the futileness of their adventure and the damage that this adventure will do to the Serb community in Croatia if they continue with the rebellion to surrender to the Croatian authorities and to accept the amnesty or a just trial for their offenses.

I appeal to the Croatian citizens of the Serb nationality who have not actively taken part in the rebellion to remain in their homes and, without fear for their lives and homeland, receive the Croatian authorities, with the guarantee that they will be given all civil rights and given the opportunity to hold elections for local self-rule according to the Croatian Constitution and Constitutional Law in the presence of international observers.

I appeal to the representatives of Serbia and Montenegro and their Federal Republic of Yugoslavia to stop

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supporting extremists from the occupied Croatian territories, which was even evident at the Geneva negotiations yesterday that were also attended by the Yugoslav charge d'affaires, when the Croatian Serb refused to accept peaceful reintegration of the occupied territories.

This would be the first step toward the general solution of Serbian-Croatian relations throughout the interest area of the two neighboring peoples, that is, the normalization of relations on the basis of mutual recognition.

We are determined to put a stop to the suffering and uncertainty of Croatian refugees from the occupied territories and to guarantee to the Croatian Serbs human and ethnic rights in the constitutional-legal system of democratic Croatia.

Signed by Dr. Franjo Tudjman, president of the Republic of Croatia, Zagreb 4 August 1995

Urges Serbs To Surrender

LD0408071095 Zagreb Radio Croatia Network in Serbo-Croatian 0500 GMT 4 Aug 95

[FBIS Translated Text] In Geneva, Krajina Serbs have refused all of Croatia's proposals on peaceful reintegration. This is why President Tudjman has called on the citizens of Serbian nationality in the occupied areas of Knin, Gracac, Lapac, Korenica, Slunj, Glina, Dvor, and Petrinja to welcome the Croatian authorities who will give them all civil rights and enable them to call elections for local self-government in keeping with the Croatian Constitution and in the presence of international observers.

Following the terrorist attacks on the civilian populations of Dubrovnik, Otovac, Gospic, and Karlovac, the Croatian state has been forced to take military and police measures in order to reintegrate the occupied areas into its constitutional and legal system.

This morning, minutes after 0500 [0400 GMT] the Serbs attacked Sibenik, Karlovac, Gospic, Otovac, Sisak, Tunja, Sinj, Zadar, Novska, Lipovljani, Jasenovac, Ogulin, Pokupski, Orasac, Zaton, Mokosica, Rijeka Dubrovacka, Zupa Dubrovacka, Konavlje and Slano. A general danger alert has been sounded in these towns.

The following appeal was issued by Croatian Republic President Franjo Tudjman:

To Croatian citizens of Serb nationality in the occupied areas of Knin, Gracac, Lapac, Korenica, Slunja, Glina, Dvor [na Uni] and Petrinja:

Given the fact that all the attempts at peacefully reintegrating Croatia's occupied area made so far by the Croatian authorities and the international community have come to nothing, including yesterday's negotiations in Geneva;

Given the fact that the instigators of the rebellion in Croatia, Martic, et al, instead of heeding the call for peaceful reintegration are continuing to wage war against the Croatian state as they draw up new plans to conquer the protected zone of Bihac, something Croatia cannot tolerate;

Given the fact that not only are the Croatian and Bosnian Serbs thwarting the return of refugees but continue to persecute the non-Serb population;

Given the fact that since the very start of the rebellion the Serb extremists have been invoking the remnants of Italian fascism by offering to carve up Croatian territory between Italian and Serbian imperialism;

Given the fact that the rampant Serb paramilitary formations are still launching terrorist attacks on civilian populations, ranging from Slavonia to Dalmatia, shelling the Croatian areas and towns of Otocac, Gospic, and Karlovac, including the Dubrovnik area where there were fresh fatalities even while the political negotiations on a peaceful reintegration were in progress;

And given the fact that all attempts by the Croatian state and the international community to peacefully return the parts seized in the course of the rebellion under Croatian sovereignty have been rejected and outmaneuvred, the Croatian state is forced to take military and police measures in order to reintegrate these occupied areas into its constitutional and legal system. We are forced to take this decision in order to put an end, after four years of futile negotiations, to further attempts to outmaneuver the Croatian and the international public and to start the process of returning refugees to their homes.

This is why I call, on behalf of Croatia's democratic authorities, on members of the Serb paramilitary formations who were willingly or forcibly mobilized in Serb paramilitary formations to hand their weapons to the Croatian authorities under the guarantee that they will be pardoned under current Croatian legislation. I call on the instigators of the rebellion to understand the futility of their endeavour and the damage it inflicts on the Serb community in Croatia if they carry on with their rebellion and to surrender to the Croatian authorities, accepting amnesty or a just trial for their wrongdoing.

I call on Croatia's citizens of Serb nationality who have not taken an active part in the rebellion to stay at home and wait for the Croatian authorities without any fear for their lives or property. They can also be assured that all their civil rights are guaranteed and that they will be allowed to call elections for local self-government in

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line with the Croatian Constitution and constitutional law and in the presence of international observers.

I call on representatives of Serbia and Montenegro and their Federal Republic of Yugoslavia to stop supporting the extremists from Croatia's occupied areas, something that was reflected in yesterday's talks in Geneva which were also attended by the Yugoslav charge d'affairs whereas Croatia's Serbs rejected a peaceful reintegration of the occupied areas. This would be the first step towards a general solution to Croatian-Serbian relations in the whole sphere of interest shared by the two neighbouring peoples: That is, the normalization of relations on the basis of mutual recognition.

We are determined to put an end to the suffering and uncertainty of Croatian refugees from the occupied areas while guranteeing Croatian Serbs' human and ethnic rights in the constitutional and legal system of a democratic Croatia. Signed: President of the Republic of Croatia, Franjo Tudjman

Zagreb, 4 August 1995

Granic Briefs De Charette on Situation

AU0408073695 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 4 Aug 95

[FBIS Translated Text] Mate Granic, deputy prime minister and foreign minister of the Republic of Croatia, held talks on the dramatic deterioration of the situation in the occupied areas of the Republic of Croatia with French Foreign Minister Herve de Charette in Split late last night.

Minister Granic briefed his French counterpart on major provocations along the entire line between Karlovac and Dubrovnik, the stepped up Serb attacks on the Bihac enclave, and the unsuccessful negotiations between the Croatian representatives and the representatives of the rebel Croatian Serbs in Geneva yesterday.

During the talks, De Charette expressed France's concern about the current situation in Croatia and Bosnia-Herzegovina and expressed the view of his government that the negotiations in Geneva, which France supports, should continue.

The Croatian minister said that Croatia has continually been giving priority to peaceful means of reintegrating the occupied territories in the legal system of the country, but that it can no longer tolerate provocations and that it will respond to all provocations in the future.

Equally, Croatia will not allow the fall of Bihac, Mate Granic stressed in the talks with the French minister.

De Charette Cancels Visit

AU0408040295 Paris AFP in English 0149 GMT 4 Aug 95

[FBIS Transcribed Excerpt] Zagreb, Aug 4 (AFP)—More than 150,000 Croatian government and rebel Serb troops braced Thursday for renewed civil war after peace talks ended inconclusively, prompting the French foreign minister to cancel a visit to Zagreb. Herve de Charette had been expected to see Croatian President Franjo Tudjman and Foreign Minister Mate Granic here on Friday but decided to return to Paris.

Granic met his French counterpart at the airport in the Adriatic port city of Split and said that Croatia had decided to act after what he said had been attacks by Bosnian Serbs on the city of Dubrovnik in the south and those by Croatian Serbs on Karlovac in the west. De Charette said after an hour of talks with Granic that Paris would disapprove of a Croatian assault on Krajina "because it would be part of the logic of war, whereas France supports peace." [passage omitted]

Granic: No Plans for Action on Hungary Border

LD0408120795 Budapest Kossuth Radio Network in Hungarian 1100 GMT 4 Aug 95

[FBIS Translated Text] The Croatian foreign minister has stated that they do not wish to start military action in East Slavonia and Baranja, which are near Hungary. Mate Granic has telephoned Hungarian Foreign Minister Laszlo Kovacs and said they are not expecting the rump Yugoslavia to take military steps in the vicinity of the Hungarian border, either. In any case, only a few days are needed for the Croatian Government to take Krajina under military control.

Laszlo Kovacs repeated the official Budapest stance, according to which Hungary continues to urge the comprehensive political settlement of the South Slav crisis.

Political Department Defends 'Sharpest Measures'

AU0408061195 Zagreb Radio Croatia Network in Serbo-Croatian 0500 GMT 4 Aug 95

[FBIS Translated Text] Three dead and three seriously wounded are the tragic consequences of the shelling of the greater Dubrovnik area last night. All of them fell in the Veliki (?Zaton) area. According to information from the Southern Front Command, the Chetniks from east Herzegovina fired over 40 long range projectiles on the greater Dubrovnik area. A general danger for the greater Dubrovnik area, from Orasac to Konavli, was sounded at 1845 [1645 GMT] last night.

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At 1800, the Chetniks sounded a general danger alarm in the Trebinje area. At 1845, they impudently attacked the greater Dubrovnik area with cannons.

Major General Ivan Tolj, head of the Political Department has just issued a statement:

This latest attack shows why Croatia was forced to take the sharpest measures this morning to stop further acts of terrorism. The Chetniks have attacked the exclusively civilian targets for the umpteenth time. They did this immediately after Croatia proposed and insisted in Geneva on peaceful reintegration of Croatia's occupied territories. Everything indicates clearly that the attack had been carefully prepared in Drvar two days ago, during a joint meeting of the war criminals Karadzic and Martic. This approach and policy does not shy away from anything, and the victims are all citizens of Croatia, regardless of their nationality.

In this way the already named war criminals are pulling in the whirl of death the citizens of Serb nationality, those who have been prevented from taking part in peaceful life for the past four year, life that is guaranteed by the Constitution and the constitutional law of the Republic of Croatia.

[Signed] Major General Ivan Tolj, head of the Political Department.

Citizens Advised Not To Use Roads, Public Spaces

LD0408083695 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 4 Aug 95

[FBIS Translated Text] The Defense Ministry's political administration information department draws attention to the fact that citizens should be extra vigilant and should respect all instructions, which are going to be carried by the media, by radio and television in particular. This primarily refers to the need to avoid large gatherings in public spaces. Citizens are also advised not to travel unless it is exceptionally vital to do so because the roads are extremely busy, and to strictly abide by instructions of the road police.

SNS: Authorities 'Stimulated' Serb Departures

AU0408085795 Split SLOBODNA DALMACIJA in Serbo-Croatian 1 Aug 95 p 7

[Report by D. Krile: "Grahovo and Glamoc Have Not Been Liberated, But Occupied"]

[FBIS Translated Text] Zagreb—The Croatian authorities categorically refuse to admit that the Serbian issue in Croatia is still an open one, the basic problem on which the peaceful solution of the crisis in this region depends. The latest attempts to stipulate political negotiations only confirms this, just like the futile attempts of the Serb National Party [SNS], which have so often tried to initiate an open discussion on this problem in the Croatian Parliament—these were the words of SNS President Milan Djukic at a press conference on Monday [31 July].

SNS has also tried to get answers to some question on the enforcement of the Constitutional Law on Human Rights and Freedoms, and breaches of those rights, by addressing every state institution in writing, Djukic went on. The SNS started their series of open letters by writing to President Tudjman, then to [Prime Minister] Nikica Valentic, Jura Radic [minister of development and reconstruction], Zlatko Vitez [minister of culture], Ivan Jarnjak [interior minister], Nedjeljko Mihanovic [chairman of the Chamber of Representatives], and almost all ministers in the government. The answer to most questions is, unfortunately, silence, which says enough about the will to solve Croat-Serb relations and about the obvious violations of human rights of citizens of Serbian nationality, which "staggering on the glass legs of the legal state, are vanishing from this region in a coordinated and systematic way," Djukic stated.

SNS Vice President Veselin Pejanovic, reminded the correpondents of "the departure of 300,000 Serbs from the Croatian state, which was stimulated by the Croatian authorities in different ways. After rude forms of the expulsion of Serbs, Pejanovic says, those authorities now support the model of "capillary terrorism," i.e. subtle forms of pressure on the citizens of Serb nationality, which eventually bring the same results. "Lately they have started with the realization of the idea of changing territories for citizens, which can best be seen by the example of Grahovo and Glamoc in Bosnia-Herzegovina, and it is particularly ridiculous to hear about the liberation of those towns, since those are territories with a Serb majority," Pejanovic claims. Through the direct involvement of the Croatian Army in the Bosnian conflicts, the SNS vice president said, the Croatian authorities have cheated their own citizens, because they did not ask for their compliance before acting nor organized a referendum on the implementation of the confederation.

Commentary Criticizes Milosevic's Letter

AU0308151395 Zagreb VECERNJI LIST in Serbo-Croatian 3 Aug 95 p 2

[Commentary by Zeljko Kruselj: "Performance of the Warlord"]

[FBIS Translated Text] Politics, naturally, always abounds in hypocrisy and sudden shifts. However, yesterday's letter from Serbian President Slobodan

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Milosevic seemed to have surprised even those who hitherto had considered themselves to be connoisseurs of "the personality and work" of the author of the bloodiest European conflict of the last few decades. Namely, Milosevic, in an almost tearful voice, to the great surprise of the public, turned to Bosnia-Herzegovina President Alija Izetbegovic and Ratko Mladic, commander of the "Serb Republic" [Serb-held entity in Bosnia-Herzegovina] army, imploring them to cease hostilities and immediately seek a peaceful solution "on the basis of the plan proposed by the international community." Unless peace mediator Carl Bildt has recently agreed to a new variant of the division of Bosnia-Herzegovina's territory in Belgrade, the Serbian president must be proposing acceptance of the well-known "fifty-fifty" Contact Group plan.

All in all, the Belgrade "warlord" needs "a lamb's skin" for his performance, because he is aware how much events have started to slip out of his control, taking him away from the implementation of the nearly accomplished concept of Greater Serbia. Faced with the fact that the Serbo-Montenegrin federation is on the brink of an enormous economic collapse, which would preempt any future effective war, and has been warned that sanctions will not be lifted without further political concessions, Milosevic is seeking a break to consolidate the situation on the battlefields and strengthen his diplomatic positions. The direct reason for this is the Croatian victory in [Bosansko] Grahovo and Glamoc, which has completely altered the balance of power and has definitively shattered all illusions about "Serbian invincibility." Bearing in mind that Milosevic, unlike his puppets in Pale and Knin, has always had a good grasp of tactics, shedding "crocodile tears" currently helps him more than saber rattling, as there will always be people in the international community who will discover "a sincere peaceful initiative" in it.

Further Milosevic's perfidy is reflected by the choice of addressees. It is logical that he chose Izetbegovic from the Bosniak side; however, he did this when Sarajevo has been shaken by the tragedy of Srebrenica and Zepa. On the Serbian side, however, he chose his loyal General Mladic, thus once again trying to humiliate political leader Karadzic in front of the international public. It is true that by doing this "he has tightened the reins" over the Pale criminals. However, he indirectly confirmed that the war was actually being waged from his Belgrade office. He did not write to the Croats in Zagreb or in Mostar, probably aiming to shake up at least a little the effective Croatian-Bosniak alliance. However, nobody at the above addresses is dismayed by his tricks any more.

'RSK' Lines Broken at 30 Sites; 2 Hqs Destroyed

LD0408101995 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 4 Aug 95

[FBIS Translated Text] This morning Croatia's Armed Forces took police and military measures in order to liberate the occupied areas of Knin, Gracac, Lapac, Korenica, Sunja, Glina, Dvor [na Uni], and Petrinja in order to reinstate them in the constitutional and legal system of the Republic of Croatia.

According to our latest report, the rebel Serbs' lines have been breached along 30 tactical lines of attack in the zones of responsibility covered by the mobilization areas of Bjelovar, Zagreb, Karlovac, Gospic, and Split. The Croatian Air Force has destroyed the radio communications center of Celavac and one command post headquarters of a Chetnik corps and the command headquarters of a brigade, the political department of the Ministry for Defense of the Republic of Croatia has reported.

Sarajevo Radio Reports on Croatian Offensive

AU0408111495 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 4 Aug 95

[FBIS Translated Text] We have already told you that the Croatian Army has begun an offensive with a view to regaining the region of Krajina, which has been under Serb occupation since 1991.

The action begun early this morning when the Croatian Government troops attacked Knin somewhat after 0300 hours [0100 GMT], shelling the town itself, as well as the front lines. This has been also confirmed by UNPROFOR [UN Protection Force] Headquarters in Zagreb, where Christopher Gunnes said that between 200 and 300 shells fell on Knin in only the first half hour of the operations.

This morning, Croatian Radio reports that the rebel Serbs have already responded by carrying out general artillery attacks on the Croatian towns of Sibenik, Gospic, Dubrovnik, (?Sisak), Karlovac, Ogulin, and Topusko, where general danger alarms are in force. It is also reported that the Croatian Defense Ministry called on all citizens to comply closely with all security measures and reduce all unnecessary movements.

According to information we have at the moment, the Croatian forces are using fierce artillery fire to operate on Knin and Udbine airport, the largest military base of the rebel Krajina Serbs on the temporarily occupied Croatian territories.

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UN: 20 Army Tanks 'Headed East' Near Gospic

AU0408065295 Paris AFP in English 0642 GMT 4 Aug 95

[FBIS Transcribed Text] Zagreb, Aug 4 (AFP)—Croatian army tanks were seen early Friday moving toward the Krajina region controlled by Serb separatists, UN officials said as a major Croatian offensive was reported in the area.

Twenty tanks headed east around the town of Gospic, located to the west of the Serb-held Krajina region, about two hours ago, UN spokesman Philip Arnold told AFP.

He added that "intense" shelling by the Croatian army was concentrated on Knin, Krajina's main city, the Udbina airfield, the only military air base in Krajina, and the town of Gracac, northwest of Knin.

Belgrade: Knin Shelling, UN 'Hostages' Taken

AU0408105595 Belgrade Radio Beograd Network in Serbo-Croatian 0800 GMT 4 Aug 95

[Report by Danko Peric]

[FBIS Translated Text] As we have already reported, at about 0500 [0300 GMT] this morning, the Croatian Armed Forces started a general offensive on Knin and the Knin Krajina. We have established contact with Knin. Here is a report by Danko Peric:

[Peric] With fierce long-range artillery attacks, the Croatian Army has been shelling the civilian targets in Knin, Benkovac, Obrovac, Drnis, Vrgin Most, Vojnic, Petrinja, and most other populated areas in the western part of the Serb Krajina almost continuously since 0500 this morning.

According to the information of the General Staff of the Serb Army of Krajina, the Serb Army has not been opening fire on civilian targets in the Republic of Croatia. It has limited itself to fighting to repel direct attacks by the Croatian Army from the direction of their attacks, a statement issued by the Information Service of the General staff points out.

In the attacks by the Croatian artillery on civilian population there are killed and wounded. There is no precise information on the numbers yet. It is noticeable that a large number of buildings have been destroyed or damaged. After he had sent a verbal protest to UNPROFOR [UN Protection Force], Lieutenant General Mile Mrksic, commander of the General Staff of the Serb Army of Krajina, sent a sharp written protest to UNPROFOR Command in Zagreb.

This protest states that the warnings have been made on several occasions that Croatia is preparing an offensive, provoking and simulating alleged attacks by Krajina. We think that is still not too late for you to react and stop the aggression, states the letter sent to Zagreb via special lines at 0700 this morning.

The shelling of towns in the Serb Krajina continued throughout the morning. According to free estimates, thousands of shells have landed on Knin itself.

We have just received a first report, which has not been confirmed yet, but is certain, that the Croats have taken members of UNPROFOR from several check points as hostages, or to be more precise, from almost all check points. This represents a Croat attack on the peace forces and the entire international community.

UN Confirms Croatian Attack

LD0408090295 Belgrade TANJUG in English 0821 GMT 4 Aug 95

["Pool" item]

[FBIS Transcribed Text] Knin, August 4 (TANJUG)—Chief of UN forces staff for Knin area Col. Andrew Leslie confirmed that the Croatian Army Friday [4 August] morning launched an all-out attack on the region of Knin.

He told the BBC radio that after 300 explosions in Knin they stopped counting them.

Col. Leslie said evacuation of troops and staff of the peace forces was under way from all the exposed point towards shelters in Knin, in which there were already most of its residents.

The Croatian attack on Knin and the territory of the Republic of Serb Krajina came immediately after the UN Security Council at its session Thursday night appealed to the conflicting sides to refrain from war action and launch a negotiating process.

Krajina Prime Minister Milan Babic said Thursday that Serb Krajina was ready for talks.

Croatian President Franjo Tudjman asked Friday the Serbs in Krajina to lay down their arms.

Shells Hit 'Every 15 Seconds'

AU0408100195 Paris AFP in English 0959 GMT 4 Aug 95

[FBIS Transcribed Text] Zagreb, Aug 4 (AFP)—The Serb separatist stronghold of Knin in the Krajina region was ablaze Friday [4 August] as Croatian gunners rained shells every 15 seconds on the town, a UN official said.

The official, who requested anonymity, said that "between 5 a.m. and 5:45 a.m. (0300 GMT and 0345 GMT),

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there were massive bombardments. Since, then a shell has been landing every 15 seconds on average," he added.

Assistant Commander on 'Aggression'

AU0408084895 Belgrade Radio Beograd Network in Serbo-Croatian 0800 GMT 4 Aug 95

[FBIS Translated Text] At about 0500 [0300 GMT] this morning, the Croatian Armed Forces started a general offensive on Knin and the Knin Krajina. Respected listeners, we have informed you about it on several occasions. Before this program, we established contact with the General Staff of the Army of the Republic of Serb Krajina in Knin. Here is the report:

[Begin recording] This is Colonel Kosta Novakovic, assistant commander of the Serb Army, speaking from the General Staff of the Serb Army in Knin. Our listeners have probably already heard that the Croatian Army and the Croatian Defense Council started aggression on the Republic of Serb Krajina at 0500 this morning.

They are aiming exclusively at civilian targets in all populated places, especially the town of Knin. They are targeting all municipal centers, such as Benkovac, Obrovac, Drnis, Gracac, Korenica, Vojnic, Vrgin Most, Glina, and Petrinja. The Serb Army of Krajina has been consistent with its principles and the policy of the Republic of Serb Krajina has been not to fire on civilian targets in the Republic of Croatia, but has restricted itself only to repelling the direct attacks by the Croatian Army from where they are launching infantry and other attacks.

In the attack by the Croatian artillery on the civilian population, there are many killed and wounded. A large number of buildings are either destroyed or damaged.

At the very beginning of the aggression, at about 0515, General Mrksic, commander of the Serb Army, sent a sharp protest to the UNPROFOR [UN Protection Force] command and General Janvier in Zagreb. The protest states that in the past few days we had been warning about Croatia's provocations and that Croatia was (?simulating) our attacks in order to [words indistinct].

As the public knows, in the past few days, the Croats have been [word indistinct] some kind of attacks on Gospic, Karlovac, and [word indistinct]. In fact, [words indistinct] their own and the world public.

We also demand from UNPROFOR commander General Janvier to brief the UN Security Council, which, as we know, is in a meeting, as well as UN Secretary General Butrus-Ghali. We think that it is still not too late for the world community to react to this aggression. As we talk, as I report, explosions are reverberating in our vicinity, in the town of Knin, and the surrounding area, and in all larger populated places in the Republic of Serb Krajina. [end recording]

UN Reports 'Intense Artillery Exchanges'

AU0408091395 Paris AFP in English 0906 GMT 4 Aug 95

[FBIS Transcribed Text] Zagreb, Aug 4 (AFP)—Secessionist Serb forces and the Croatian Army engaged in intense artillery exchanges in southern Croatia Friday [4 August], a UN spokesman told AFP.

"The exchanges took place near Ogulin, some 80 kilometres (50 miles) south of Zagreb, along the entire length of the confrontation line which is several hundred metres [as received] long," said UN spokesman James Kanu, who is based at Topusko, 90 kilometres (56 miles) south of Zagreb.

He added that a unit of armoured tanks from Zagreb was travelling towards the east of Karlovac, located 60 kilometres (37 miles) south of Zagreb, and another was travelling further south towards Plaski.

Other UN officials said earlier Croatian army gunners had pounded Serb-held positions around Karlovac, and near Sunja, located further west.

The United Nations was monitoring movements of population leaving the town of Glina, some 90 kilometres south of Zagreb, Kanu added.

Glina is situated near Petrinja, an industrial town of Croatia controlled by Serbs since 1991.

The UN Friday confirmed Serb bombing against the town of Sisak, 60 kilometres south of Zagreb, where an oil refinery could be a strategic target.

According to Croat sources, managers from the refinery have taken measures to protect their oil reserves.

The Croatian army launched a major attack Friday on breakaway Serbs in the southwest Krajina region as separatist gunners reportedly pounded several Croatian cities in an apparent resumption of full-scale civil war.

The fighting came a day after peace talks in Geneva between Croatian government officials and Croatian Serb representatives ended inconclusively.

UN Considers Close Air Support for Peacekeepers

AU0408115095 Paris AFP in English 1149 GMT 4 Aug 95

[FBIS Transcribed Text] Zagreb, Aug 4 (AFP)—A Danish Army sergeant was "deliberately killed" by Croatian tank fire Friday [4 August] during fighting

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between Croatian Army and separatist Serb troops in northern Croatia, the commander of UN forces in the former Yugoslavia said.

General Bernard Janvier told a press briefing here that sergeant Klaus Gamborg, 23, had refused an order from the Croatian Army to evacuate positions held by a UN detachment in Croatia's Serb-held Krajina region.

He said the United Nations was looking into the possibility of providing close air support to UN peacekeepers on the ground.

Two Polish Soldiers Wounded in Krajina

LD0408111595 Warsaw PAP in Polish 0953 GMT 4 Aug 95

[FBIS Translated Text] Warsaw, 4 Aug—A representative of the press office of the UN Organization peace forces in Zagreb confirmed on Friday, in a conversation with the Radio Information Agency [IAR], that two Polish soldiers have been wounded in Krajina. A Polish observation point on the front line was also under Croat fire. A Danish soldier was also wounded.

For the time being, the Ministry of National Defence has not confirmed the news about the two wounded Polish soldiers. Major Jerzy Jastrzebski said that the Ministry is in permanent contact with the main headquarters of the Polish batallion in Slunj in Krajina and has not received any report on this matter.

"For the time being, they are fulfilling and will continue to fulfill their mission," replied the duty officer of the Polish UNPROFOR [UN Protection Force] contingent in Slunj to a question from Tomasz Kowalczewski, the correspondent of Polish Radio in Zagreb, about the near future of the Polish soldiers in Croatia.

RS Army Threatens To Shell Dubrovnik

AU0408080795 Banja Luka Srpski Radio Network in Serbo-Croatian 0500 GMT 4 Aug 95

[FBIS Translated Text] The Serb Republic Army General Staff Information Service stated last night that the Croatian aggressor from the recently occupied areas of Grahovo and Glamoc is using artillery to attack the town of Drvar, with an exclusively civilian population and numerous refugees, without warning.

The Serb Republic Army General Staff, in a report to SRNA, warns that, if the combat activity does not stop immediately, the Serb Army will respond adequately by targeting the center of Dubrovnik. We warn the Dubrovnik civilians to go to bunkers, the statement ends.

Canadian UN Reportedly Gives Serbs Information

LD0408082995 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 4 Aug 95

[FBIS Translated Text] This morning the Croatian Army informed all UNCRO [UN Confidence Restoration Operation] members in good time about a police and military operation to restore the constitutional and legal system in the occupied areas. The UNCRO commanders expressed thanks for the message and confirmed their acknowledgement in writing.

The Canadian UNCRO contingent and its commanders have so far refused to accept the Croatian Army's suggestions. Using an open communications system, they have informed the Serbs about the numbers and size of the Croatian Army's movements. This is why the Croatian Army has lodged an official protest with the UNCRO Headquarters in Zagreb.

UN Reports Government Warplanes Raid Gracac

AU0408093195 Paris AFP in English 0934 GMT 4 Aug 95

[FBIS Transcribed Text] Zagreb, Aug 4 (AFP)—Croatian warplanes Friday [4 August] raided the Gracac area in Serb-held Krajina, where ground troops have launched a dawn offensive, a UN spokesman said.

The spokesman, who spoke on condition of anonymity, said the attack on Gracac, located north of the Serb stronghold of Knin, took place at 6:30 a.m. (0430 GMT). There was no word on the number of warplanes involved nor on the targets of the raids.

Krajina President Appeals for End to Offensive

LD0408110095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1017 GMT 4 Aug 95

[FBIS Translated Text] Knin, 4 Aug (TANJUG)—Milan Martic, president of the Republic of Serb Krajina [RSK] today issued an appeal for an immediate end to Croatia's aggression against the RSK.

Despite all our efforts to solve all the disputed matters with Croatia peacefully, by negotiation, the Croatian Army attacked the RSK from all directions at 0500 [0300 GMT], the appeal says.

According to the appeal, the attack included a furious barrage of all towns in the RSK, including Knin. Civilian targets have also been targeted. The attack was also supported by the air force and infantry.

Croatia, Martic notes, is using all means available.

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Serbs Willing To Discuss Political Solution

LD0308155995 Belgrade FONET in Serbo-Croatian 1509 GMT 3 Aug 95

[FBIS Translated Text] Belgrade, 3 Aug (FONET)—Milan Babic, prime minister of the Republic of Serb Krajina [RSK] said today in Belgrade that he expects a successful continuation of the negotiating process in the wake of today's meeting of the delegations of the RSK and Croatia in Geneva, expressing "a willingness to embark on negotiations on a political solution with Zagreb."

"A modified and amended Z-4 plan should be used as a basis for political negotiations. It should treat the east and the west part of Krajina on an equal basis," Babic stressed.

He stressed that for his part he expects extra efforts from the international community, the United States and Russia in particular, to defuse the current tensions and threats of war and to successfully complete the peace process in the interest of peace and stability in this region of Europe.

"I view positively all steps which could lead to peace and which respect the RSK's equal status in the negotiation process, and in this context I support the necessity strictly to observe the cease-fire agreement, which is a natural and logical precondition for the revival and beneficial work of the peace process.

"I expect and demand that Croatia will scale down and demobilize its forces around and in the vicinity of the separation zone, and the Serb Krajina Army will also scale down and demobilize its forces and will not engage in operations outside the RSK, including the Bihac pocket," Babic said.

"Component parts of the peace process are the deployment of UN peacekeeping observers on observation points set out in UN Security Council Resolution 981, Point 3, which is in line with the Vance plan, which the RSK endorsed at the beginning of 1992, the continuation of the implementation of the economic agreement, which includes the reopening of the oil lines, and the continuation of talks on the reintegration of the Knin-Zagreb and Knin-Split rail lines," the Krajina prime minister said.

According to Babic, the talks between the Krajina and Croatian delegations, which opened in Geneva today, "should lead to progress in the realization of the stated objectives."

"Proceeding from this, the RSK delegation should adopt a constructive approach to cochairman Thorvald Stoltenberg's proposals," Babic concluded.

Krajina Army Chief Protests to UNPROFOR

LD0408083295 Belgrade TANJUG Domestic Service in Serbo-Croatian 0711 GMT 4 Aug 95

[FBIS Translated Text] Knin, 4 Aug (TANJUG)—By opening fierce long-range artillery fire, the Croatian Army and the Croat Defence Council [HVO] this morning at about 0500 [0300 GMT] marked the beggining of their shelling of civilian targets in Knin, Benkovac, Obrovac, Drnis, Korenica, Vrgin Most, Vojnic, Petrinja, and most of the other populated areas, Col Kosta Novakovic, deputy commander of the Serb Army of Krajina [SVK] has told TANJUG.

In Novakovic's words, the SVK has not fired at civilian targets in Croatia. It restrained itself to fighting the Croatian Army's direct attact along the lines of its advance.

The Croatian artillery attacks have left casualties while a large number of buildings have been damaged or destroyed.

Following his verbal protest to UNPROFOR [UN Protection Force], Colonel General Mile Mrksic, SVK chief of General Staff, has sent a sharp protest to the Unprofor headquarters in Zagreb. His protest says that in the past, on several occasions, there were warnings that Croatia was preparing for aggression, provoking and staging alleged attacks from Krajina.

"We believe that it is not too late yet for you to react in order to stop the aggression," it is stated in the note sent to the UNPROFOR headquarters this morning at 0700. The shelling of towns in the RSK is continuing as Knin reverberates with explosions, Novakovic says.

Serbs Broaden Range of Attacks on Cities

AU0408062795 Zagreb Radio Croatia Network in Serbo-Croatian 0600 GMT 4 Aug 95

[FBIS Translated Text] After 0500 [0300 GMT] this morning, the Serbs attacked Sibenik, Karlovac, Gospic, Otocac, Sisak, Sunja, Sinj, Zadar, Novska, Lipovljani, Jasenovac, Ogulin, Pokupsko, Dubrovnik, Zaton, Mokosica, Rijeka Dubrovacka, Zupa Dubrovacka, Konavli, Slano, (?Glina), Duga Resa, and Generalski Stol.

A general danger alarm has been sounded in these places.

Serbs Say HVO Using Chemical Weapons

LD0308201295 Belgrade SRNA in Serbo-Croatian 1807 GMT 3 Aug 95

[FBIS Translated Text] Knin, 3 Aug (SRNA)—Units of the Croatian Army and the HVO [Croatian Defense

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Council] today, too, continued their artillery attacks from occupied [Bosansko] Grahovo on civilian targets in the village of Strmica, the Serb Krajina Army headquarters information service has announced.

Serb units also repelled a powerful attack by the Croatian Army from the direction of Gospic on the settlement of Konjska Glava, 20 km north of Knin.

In these actions Croatian units also used chemical weapons.

The Serb Krajina Army headquarters warns that fresh Croatian troop movements have been registered on roads in the Gospic region.

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Okonski Wants UN Contingent Partly Withdrawn

LD0408111795 Warsaw PAP in Polish 0915 GMT 4 Aug 95

[FBIS Translated Text] Warsaw, 4 Aug — Minister of National Defense Zbigniew Okonski on 3 August addressed Wladyslaw Bartoszewski, head of the Ministry of Foreign Affairs, with a proposal for the withdrawal of part of the Polish contingent of the UN peace forces from Croatia, the Radio Information Agency [RAI] reported on 4 August, citing unofficial sources in the Ministry of National Defense [MON].

The MON press spokesman, Major Eugeniusz Mleczak, did not confirm this report, but neither did he deny it. In a conversation with a PAP journalist, he announced that an official communique would be published.

Results of Poll About Membership in NATO

WS0408112295 Warsaw ZYCIE WARSZAWY in Polish 3 Aug 95 pp 1,2

[Report by "NIKA": "The Poles on NATO: NATO Is Conspiring With Russia and Will Not Defend Poland"]

[FBIS Translated Text] More than half of those polled by the Public Opinion Research Center [CBOS] claim that NATO states and Russia are conspiring behind our backs on issues concerning Poland. Slightly more than one-fifth of respondents claim the opposite.

Every second respondent is convinced that in the face of an imminent threat we cannot count on the West for help (eight times as many have no faith in Western allies).

Poles (64 percent) also believe we should ignore Russia's stance on our aspirations to join NATO. Two-thirds of those polled (the group has grown twofold since 1992) think entering NATO is the best guarantee of our security. More than half of those who state NATO is conspiring with Russia behind our backs and will not help us in the case of a threat think we should join NATO.

We Want To Join NATO, Even Today

A huge majority of Poles believe we should join NATO. This group is constantly growing. As many as 72 percent of Poles claim we should join the EU, as compared with 77 percent one year ago. Both issues are viewed as equally significant, but slightly more people (16 percent) think that joining the EU is more important than joining NATO (13 percent). The majority of those polled believe that Poland should become a full-fledged member of NATO (43 percent) and the EU (27 percent) now, some state this should happen over the next five years — 28 and 36 percent, respectively.

Some 63 percent say Russia is against our entry into NATO because it wants to regain the influence it once had in our country. Slightly under one-fourth of those polled say this is due to Russia's fear for its own security.

CBOS

In a Referendum on Poland's Joining NATO I Would Vote:

For 78 percent

Against 9 percent

Difficult to say 13 percent

When Should We Join NATO?

Now 43 percent

In 5 years 28 percent

In 10 years 6 percent

Later than that 3 percent

Never 5 percent

Difficult to say 15 percent

The poll was carried out by CBOS on 26-29 May on a representative sampling group of 1,198 people.

U.S. F-16 Sales Offer Compared With Rivals

WS0308134895 Warsaw ZYCIE WARSZAWY in Polish 3 Aug 95 p 3

[Report by Daniel Walczak: "Where Will Planes for Our Armed Forces Come From?"]

[FBIS Translated Text] *The visit of U.S. experts who are to present classified information on the F-16 fighters that is to take place within a month does not imply we will buy specifically those types of planes.*

"Poland is interested in the F-16s, but it is also considering offers from France, Russia, and Sweden," Defense Minister Zbigniew Okonski told Radio Zet yesterday.

A new Lockheed-Martin F-16 Falcon costs above $25 million, and the Ministry of National Defense [MON] wants to purchase the latest model. Our military aviation does not want old F-16 planes used by the U.S. Air Force units stationed in Europe. Those are exactly the planes the Americans want to get rid of. The purchase of used F-16 fighters was negotiated by a Polish delegation that visited the United States last year. One fighter together with modernization would then cost $13-16 million.

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The F-16's main rivals are, as we have already reported, the JAS- 39 Grippen, the Mirage 2000, the SU-27, and the MiG-29. "All those planes meet our requirements," says MON Spokesman Major Eugeniusz Mleczak.

The Swedish Grippen is the most expensive at more than $35 million. The French say their Mirage costs $30 million. Russia's offer seemed most attractive — we would have to pay $18 million for a MiG-29. The Russians say the price is still negotiable and agree to having certain elements — and eventually the whole plane — produced in Polish plants.

"The basic criteria are the price and the share of our particpation," says Major Mleczak. He claims that the MiG-29 is appreciated for its technological performance even in the West. When Germany inherited these planes from the former German Democratic Republic, it replaced only the avionics to meet NATO standards.

Spare parts would be a serious problem — Poland would be dependent on them for many years to come. Our aviation is already facing huge problems with spare parts for the mere 12 MiG-29 it is currently using.

Military Chamber Reopens Kuklinski Case

WS0308133695 Warsaw ZYCIE WARSZAWY in Polish 2 Aug 95 p 3

[Report by "PAP/FF": "Investigation Into Kuklinski's Case"]

[FBIS Translated Text] The military prosecutor's office can now formally continue its investigation into the case of Colonel Ryszard Kuklinski. On 1 August, the Military Chamber of the Supreme Court issued a written opinion rescinding Kuklinski's 25-year prison sentence for conveying plans on the imposition of martial law in Poland. On 25 May of this year, the Military Chamber of the Supreme Court agreed with the arguments presented by the first president of the Supreme Court's extraordinary appeal and repealed the 25-year prison sentence on Kuklinski for desertion and treason. It was concluded that the military court in the Polish People's Republic "unquestionably offended legal regulations" as it failed to collect substantial evidence. Presenting the case to the military prosecutor's office "for reconsideration," the Military Chamber recommended it collect evidence that would be sufficient to establish, among other things, Kuklinski's motives. The prosecutor's office of the Warsaw Military District may either drop or suspend the case due to the fact that Kuklinski is not in the country. Theoretically, it may also file a new indictment with the court.

Rightist Candidate Denies Withdrawing From Race

WS0308144195 Warsaw GAZETA WYBORCZA in Polish 3 Aug 95 p 3

[Report by "WZ": "The Three Rightists"]

[FBIS Translated Text] *Adam Strzembosz approached Hanna Gronkiewicz-Waltz and Jan Olszewski with the following offer: "Let us sit down at a table and decide which one of us is to run in the presidential elections."*

"But not yet. For the time being at least, each of the three candidates should continue their own campaigns, collect signatures of support, attract the largest number of voters possible. In several weeks (months?) polls will show who stands the strongest chances of winning," says Professor Strzembosz.

"Making a decision right now would be premature," he adds. "Although Ms. Gronkiewicz-Waltz ranks highest in opinion polls, everything may yet change. I am not doing so well at present because I was involved in a conflict with the Center Accord. In several weeks' time the central bank president may find herself involved in some conflict. She may then lose 4 percent of support and the situation will dramatically change."

"Therefore," claims Strzembosz, "the joint candidate should not be fielded in haste. We have to wait for the effects of election campaigns and opinion poll results." The professor presented his ideas to both Jan Olszewski and Hanna Gronkiewicz-Waltz. He described their response as promising.

Strzembosz told GAZETA WYBORCZA that it is not true Ms. Gronkiewicz suggested he back out of the elections and head her election committee. Such reports were carried in yesterday's press. The professor spent several hours answering telephone calls from reporters. Ours was the thirtieth.

Strzembosz quipped: "I understand, it is the summer holiday season. The press might just as well have reported that the central bank president is going to take over the finances of my presidential campaign. Then Ms. Gronkiewicz would have to answer the telephone calls." He added seriously that at the present stage he will definitely not back out of the campaign.

The offer he made to Olszewski and Gronkiewicz is a further signal that the joint rightist candidate will not be fielded by St. Catherine's Covenant. At a meeting with workers yesterday in Ursus, Olszewski said outright the Covenant's days are over. He announced that a "formal statement" on the completion of its mission may be expected in the nearest future.

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Most recent polls show Hanna Gronkiewicz-Waltz usually received 10-12 percent of support, Adam Strzembosz got 3-4 percent, and Jan Olszewski received 2 percent.

Gronkiewicz-Waltz Interviewed

WS0308140095 Warsaw ZYCIE WARSZAWY in Polish 29 Jul 95 p 4

[Interview with President of the National Bank of Poland Hanna Gronkiewicz-Waltz by Igor Zalewski and Piotr Zaremba; place and date not given: "I Can Change the Image of the Right"]

[FBIS Translated Text] [ZYCIE WARSZAWY] The presidential primaries at St. Catherine's Covenant ended in a quarrel. Do you regret having taken part in the procedure?

[Gronkiewicz-Waltz] That procedure is not over yet, although one of the candidates did disclose the results of the sounding vote. The final decision is to depend on opinion polls showing the voters' preferences.

Do I regret it? Anyone who wants to run in the elections must have a political backdrop. Certain social movements have emerged that are wiling to support me: the National Urban and Rural League, the Association of Catholic Families. As far as the National League is concerned, I am particularly keen on self-government groups. Back when I was on the Civic Committee in Praga Poludnie [district of Warsaw] I trained future councillors. I took part in developing the self-government law for the city of Warsaw.

[ZYCIE WARSZAWY] You are doing very well in the opinion polls, but involvement in political squabbles may harm you.

[Gronkiewicz-Waltz] The image of the rightist politician has to be changed. Thus far I have succeeded in changing the stereotype of a religious woman — I have shown the Church has not locked the woman in the kitchen. I am confident I will succeed in changing the image of the right as well.

[ZYCIE WARSZAWY] Or the rightist politicians will succeed in changing your image.

[Gronkiewicz-Waltz] I have met very serious people advocating rightist views all over the country who take up very responsible duties, for instance in the local self-governments. They do not confirm the caricature stereotype.

[ZYCIE WARSZAWY] What about the squabbling within the Covenant?

[Gronkiewicz-Waltz] A small group cannot project the image of the whole, just like Barbara Labuda did not represent the entire Freedom Union [UW].

[ZYCIE WARSZAWY] Do you believe the Covenant can field a joint presidential candidate?

[Gronkiewicz-Waltz] I believe the person who nets the largest public support will be fielded as the candidate. After all, we have to beat Aleksander Kwasniewski.

[ZYCIE WARSZAWY] Do you have any political backdrop apart form the Covenant?

[Gronkiewicz-Waltz] I am counting on the support of the Christian-National Union [ZChN] and "Solidarity." As I have already said, I hope I will be backed by various social organizations. They often have far more power than some of the parties. Most of all, I am counting on the support of candidates who will bestow on me their trust.

[ZYCIE WARSZAWY] It would be prudent, however, to whittle down the list of rightist candidates. Will you seek agreement with Adam Strzembosz?

[Gronkiewicz-Waltz] Of course, Prof. Strzembosz also could change the image of the right because he is a very responsible man.

[ZYCIE WARSZAWY] Do you think he could withdraw from the election in your favor, or you in his?

[Gronkiewicz-Waltz] For the time being, I am listed at second or third place on popularity lists. It would not be right for me to say that I am ready to withdraw for the professor's benefit. You would have to ask him whether he would be prepared to do the same for me. I do not want to fight with him, I have known him ever since the times of the lawyers' "Solidarity" and highly respect him.

[ZYCIE WARSZAWY] What about the problem of competing with Lech Walesa?

[Gronkiewicz-Waltz] Everyone paid attention only to the first part of my recent statements. Asked whether I would run against Lech Walesa, I said I would not if that meant increasing Aleksander Kwasniewski's chances. There are other aspects as well — the problem of the negative constituency, meaning those who do not want to vote for Lech Walesa. No one has a negative constituency as huge as his. There is also the possibility of sharing constituencies. I cannot exclude the probability I might enter an agreement with Prof. Strzembosz in this respect. It would impractical to do that for the president.

[ZYCIE WARSZAWY] The president views your decision as a breach of loyalty.

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[Gronkiewicz-Waltz] One has to be loyal primarily to the state. Preventing recommunization is far more important for me than servility. Anyone who is as devout as the president must know that you can dedicate your conscience only to God, no one else.

[ZYCIE WARSZAWY] Did Lech Walesa serve the state well and fight recommunization effectively?

[Gronkiewicz-Waltz] I will not evaluate any of the potential rightist candidates.

[ZYCIE WARSZAWY] You wish to integrate the right. That means you are preparing for further political activity, even if you lose the presidential elections.

[Gronkiewicz-Waltz] Uniting the right is a process that has to take years. Right now we are facing the parliamentary elections and have to think seriously about cooperating. The situation of 1993 cannot repeat itself. I dream of having something along the lines of the Democratic Left Alliance, but politically just its reverse. rebours. It is made up of 28 organizations. We have more individualities on the right, so we could have as many as 56.

[ZYCIE WARSZAWY] What is the main shortcoming of the rightist politicians? Why is this formation so weak?

[Gronkiewicz-Waltz] A lack of political experience in functioning within state structures. They were always in the opposition, therefore they are more inclined to oppose, to destruct rather than construct. Even the Democratic Union proved capable of uniting with the liberals before the 1993 elections. They united after being defeated, and they are the largest pragmatists we have.

[ZYCIE WARSZAWY] The communists are all right because they are constructive, but the right is not?

[Gronkiewicz-Waltz] They are not all right. They simply have a tradition of showing discipline. Leftists the world over are always more disciplined.

[ZYCIE WARSZAWY] Do you want to teach the right to take on a more positive approach?

[Gronkiewicz-Waltz] I want to take positive action together with the right. I am counting primarily on the young generation. Opinion polls show I and Kwasniewski have the largest support among young people.

[ZYCIE WARSZAWY] Should the rightist leaders retire?

[Gronkiewicz-Waltz] There are people who are considered great authorities, for example Professor Chrzanowski [ZChN]. But young people are looking for new faces, someone they can identify more closely with.

[ZYCIE WARSZAWY] How do you think you can combine your activities with the functions of the president of the National Bank of Poland [NBP]?

[Gronkiewicz-Waltz] Attempts are made at endorsing the model of a non-political bank president. This is a misunderstanding. Head of the Bundesbank Hans Tietmayer, for instance, was and remains a CDU member.

[ZYCIE WARSZAWY] That means you do not intend to resign from your office?

[Gronkiewicz-Waltz] No. It is only an issue of honestly fulfilling your duties. If I can carry out my presidential campaign on Saturdays, Sundays, and on weekday afternoons, I will not even have to take any leave.

[ZYCIE WARSZAWY] Jacek Kuron has recently resigned as head of a Sejm commission, claiming it is impossible to combine regular duties with the election campaign.

[Gronkiewicz-Waltz] That is Jacek Kuron's opinion. At some point I might decide to take leave. I do agree with Professor Tadeusz Zielinski, however, when he says that party candidates should not force others to resign from their offices. They are attempting to do so to weaken us. But that would be a violation of our civil rights.

[ZYCIE WARSZAWY] You have been already charged of using the bank for purposes of your political campaign.

[Gronkiewicz-Waltz] Such charges would have been brought up also against Lech Walesa's campaign — [Deputy Prime Minister and Finance Minister] Mister Kolodko has already said that I raised interest rates because the president told me to. When I lowered those rates in May, the papers wrote this was a result of a political agreement I had reached with [Prime Minister] Oleksy — and I was not even a presidential candidate yet. Minister Kolodko calls NBP the fourth presidential ministry.

[ZYCIE WARSZAWY] The uninvolvement of the NBP president, however, is favorable for more stringent monetary policies. It is said that the government is political, therefore it weakens the currency, and the bank is non-political, therefore it protects a strong currency.

[Gronkiewicz-Waltz] NBP has a board consisting of nine members, and my first deputy is responsible for monetary policies. I do not have absolute power. I wish to stress one more time that it is not unusual for bank presidents to be politically active. If Ciampi and

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then Dini became prime ministers in Italy, they could not have been completely non-political. The institution should be politically uninvolved, not its boss.

[ZYCIE WARSZAWY] Does that mean the NBP president has no possibility of using his powers to flirt with the voters?

[Gronkiewicz-Waltz] No. Entrepreneurs are happy that interest rates are being lowered, but the savers are not. Revaluation makes the importers happy, while devaluation pleases exporters. Those are both huge groups.

[ZYCIE WARSZAWY] You are counting on "Solidarity" for support, you are on good terms with ["Solidarity" Chairman] Marian Krzaklewski. [Former Foreign Minister] Andrzej Olechowski said he will not support you unless you consistently advocate a free market instead of a "Solidarity economy."

[Gronkiewicz-Waltz] That hardly surprises me considering he represented the government side and not "Solidarity" in the Round Table Talks...

[ZYCIE WARSZAWY] Yet you are widely recognized as being a supporter of stringent monetary policies, whereas "Solidarity" is a union raising populist demands.

[Gronkiewicz-Waltz] Prior to my appointment to NBP president, I was a trade union activist and I always respected demands raised by unionists, even within the bank as an employer. This is a 20th century achievement. Anyone who negates trade unions refutes the civilizing achievements of our century. "Solidarity" is simply exercising its rights.

[ZYCIE WARSZAWY] Do you not see leftist-socialist tendencies in the "Solidarity" activities?

[Gronkiewicz-Waltz] I see unionist tendencies. Their task is to negotiate with employers and with the state. I was always a partner to them, albeit frequently a tough one.

[ZYCIE WARSZAWY] Will the budget not be threatened if Ursus [tractor plant near Warsaw] demands a cheap loan?

[Gronkiewicz-Waltz] That is a highly improbable demand because the budget would have to finance such a loan, just like it is financing, for instance, agricultural loans. But that is only one postulate raised by a single plant.

[ZYCIE WARSZAWY] UW speaks very warmly of you, particularly its right wing. Did it approach you with any offers of cooperation?

[Gronkiewicz-Waltz] I can only say that the constituency of the right wing of UW could be my constituency.

[ZYCIE WARSZAWY] What model of the presidency would suit you best? How would you use your presidential powers?

[Gronkiewicz-Waltz] I would definitely use my rights to initiate legislation more often than President Walesa does. The moderate range of presidential powers as outlined in the "Solidarity" project appeals to me most. The presidential project and the one presented by the Confederation for an Independent Poland [KPN] were too extreme. Power cannot be concentrated in the hands of one person.

[ZYCIE WARSZAWY] Let us assume you win the elections. What would your relations with the currently governing coalition be?

[Gronkiewicz-Waltz] Mitterand did quite well in developing his relations with Chirac in France — those relations were cool but proper. Cohabitation Polish style may me different, not necessarily what it is now. That depends on the personalities of the president and the prime minister.

[ZYCIE WARSZAWY] Would you attempt to dissolve the current parliament?

[Gronkiewicz-Waltz] I think so. I would try to put reformers in power. None of the "Solidarity" governments, including Jan Olszewski's, was populist.

How could this parliament be dissolved? Perhaps after the campaign, in which representatives of the coalition will compete with each other, the coalition will not be as solid as it currently is. There could be a chance of that if, for instance, the Polish Peasant Party [PSL] supported me in the second round of elections. After all, in 1992 PSL did vote for me. And I was the one who took up the issue of curing the cooperative bank system.

[ZYCIE WARSZAWY] Part of the right sees you to be a "Walesa in camouflage."

[Gronkiewicz-Waltz] Some said I would come forth with an appeal to support Lech Walesa at the very last minute. I will definitely not do that. I would lose my credibility and my task of uniting the right would flop before I even embarked on it. As far as continuing Lech Walesa's policies is concerned, I have already said I do not wish to evaluate them.

[ZYCIE WARSZAWY] Senator Zbigniew Romaszewski [of "Solidarity"] claims you are responsible for the predicament of the banking system.

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[Gronkiewicz-Waltz] And that I wanted to destroy bank documents from 1989. Destroying the documents after five years of keeping them in our files was prescribed by the law. At the motion of KPN I issued instructions to prolong the period of keeping documents in our archives to 10 years.

[ZYCIE WARSZAWY] What about the banking audit?

[Gronkiewicz-Waltz] The banking audit services always take action too late, yet they have done a lot of good — for instance by taking over banks that faced difficulties. At the same time, preposterous rumors were spread about me, for example that I was personally interested in taking over Prosper Bank because I had allegedly taken a loan there. Apart from the fact that this was completely untrue, it was simply illogical. In such cases debtors want the bank to collapse, while depositors want it to survive. Let me give another example: One of the dailies wrote that NBP was trying to save Rolbank because the Church had deposited huge means there. The church has some 1 billion old zlotys [Z] in Rolbank, while the state has Z530 billion.

I have not had much influence on staffing in state banks thus far. Supervisory councils in banks are appointed by the finance minister, all I can do is issue opinions or suggest someone be dismissed. The same goes for private banks. That is why I am for widening the scope of the auditors. Hence the allegations that I want to turn the bank into my own private business.

[ZYCIE WARSZAWY] What about bad loans? They have become very common.

[Gronkiewicz-Waltz] This was a serious problem in 1989 and 1990, when we did not have proper regulations, and no rules for carrying out feasibility studies were in place. Our current banking system can be compared with those of the Czech Republic, Slovakia, Hungary, but not with those in the West. And it stands the comparison well.

[ZYCIE WARSZAWY] It is generally said that the banking system is run by postcommunist elites, the nomenklatura. This was very often brought up by the right.

[Gronkiewicz-Waltz] Bank presidents and supervisory board members are very often members of the new guard. Representatives of the so-called old nomenklatura are often directors, yet there are also quite a lot of "Solidarity" people. Allegations that loans are granted primarily to the postcommunists are highly exaggerated.

Article Claims Law Politicizes Privatization

95EP0157A Warsaw GAZETA BANKOWA in Polish No. 28, 9 Jul 95 p 3

[Article by Malgorzata Pokojska: "A Conspiracy Against Reforms: The New Law Will Politicize and Impede Privatization"]

[FBIS Translated Text] All the pro-reform governments wanted to accelerate privatization. In between one change of cabinet and another, there appeared the idea of establishing a special privatization agency operating on commercial principles that would act in lieu of government officials. Today this sounds like science fiction.

That is because the Sejm has resolved to attend on its own to privatization and to entrust only its less important domains to the Ministerial Council. This doubtless means a big step backward compared with the previous institutional solutions. There is also the inescapable fact that the law on commercialization [restructuring] and privatization is encumbered by major legal flaws, because it violates the principle of division of powers among the executive, legislative, and judicial branches of government and sanctions the distribution of public wealth to privileged socio-occupational groups. In his attempts to persuade public opinion that the law is nevertheless useful because it brings order into the privatization process, Minister [of Privatization] Wieslaw Kaczmarek is putting a good face on a bad business. The order thus brought will be as prescribed by the PSL [the Polish Peasant Party], which is hostile toward market reforms, and especially toward privatization, and which is greedy for power and sinecures.

The minister of privatization lost the game not only to the PSL, which is headed by the well-known Pawlak-Podkanski-Pek trio, but also to his own party. That is because a majority of the SLD [Democratic Left Alliance] activists, headed by Maciej Manicki [of the leftist All-Polish Trade Union Alliance] favor the PSL's emphasis on restricting the powers of the privatization minister, restricting privatization, and perpetuating old subsector structures, instead of the government's proposal drafted by the Ministry of Privatization. A deplorable compromise reached between the coalition parties [the PSL and the SLD, the parties in the governing coalition] consists in excluding the tobacco industry from the Sejm's privatization powers. For reasons only known to itself, the PSL views that industry as a "strategic" one, along with Polish Copper, SA. Anyhow, that compromise does not seem lasting, because Bogdan Pek promised to "fight" for these two industries in the Senate. The conclusion begs itself: Either the SLD's standing in the governing

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coalition is extremely weak or the pro-market orientation of that party is confined to supporting the former nomenklatura in its wide-ranging business activities.

The Minister of the Anti-Concept

Under the new law on the commercialization and privatization of state enterprises, the Sejm is to decide on these changes in ownership as regards domains of special importance to the government, such as—attention!—the alcohol, arms, oil, and gas industries, power grids, telecommunications systems, airports, harbors, banks, and insurance institutions. As for the other subsectors, the decision on their commercialization and privatization is to rest with the Ministerial Council, upon the recommendation of the privatization minister. On commercialization, meaning, on the transformation of state enterprises into joint stock companies for purposes other than their privatization, [the decision is to be made by their] parent agencies totaling 67 in number. To be sure, under this law, the privatization minister can obstruct such intentions of the parent agencies, because they require his consent, but will he be able to do so? Cronyist ministers of state and province governors will undoubtedly have a personal interest in appointments to memberships of the supervising councils of such newly created joint stock companies. To be sure also, the candidates will have to take a government examination, but ultimately that is not an insuperable obstacle. Recently, for example, many Sejm deputies have taken such an examination.

The new law multiplies the number of decisionmaking centers [i.e., it vests parent agencies with the power to decide on commercializing state enterprises—subject to consent by the privatization minister] and [thus] substitutes collective for personal accountability. Moreover, it allows commercialization for commercialization's sake alone [without subsequent privatization]. Hence, this new law is a major step backward compared with its 1990 counterpart. To be sure, at present there exists the just barely viable mandatory privatization within two years from the date of the conversion of a state enterprise to a joint stock company, but that is still better than the mass commercialization permitted under the new law, which may culminate in the creation of large-scale state-owned holding companies. This is one of those notions hatched by the recently fallen government of Waldemar Pawlak, whose PSL associate Leslaw Podkanski established the Agency for Economic Development, an agency whose wings were finally clipped by the Supreme Chamber of Audit.

The privatization minister may withhold consent to such commercialization, but there is no guarantee that this will do any good, especially considering that political support for his activities is negligible even among the ranks of his own party. The pressures to which he is exposed are readily conceivable, because any new joint stock company means appointments to membership of its supervising council. Under the government proposal the minister was to be endowed with the power of initiating commercialization, which would mean an accelerated privatization. But under the law passed by the Sejm, a law which has little in common with the government's proposal, the minister is deprived of that power. At best, he can only impede those sixty-seven decisionmaking centers from grabbing the till. Such a minister would fit more within the special services than within the regular government.

Privatization Means Leasing

The new law was supposed to bring order into privatization by assigning different "pathways" of privatization to different enterprise categories. In general, this is what has happened, but the Sejm has changed certain qualifying criteria by extending the scope of so-called direct privatization (through liquidation) to big enterprises with a substantial operating capital and a high sales volume.

In contrast, the government had wanted to limit that "pathway," which bypasses the stage of conversion to a joint stock company, that is, of commercialization, to enterprises with not more than 500 employees and with an operating capital of not more than 2 million ecus (in their zloty equivalent) as well as with a sales volume of not more than 6 million ecus. The Sejm has not altered the limitation on the number of employees (although there were attempts to raise it to 800), but it has raised the limit on operating capital to 6 million ecus and on sales volume to 12 million.

In practice, this means expansion of employee leasing, the most frequent form of direct privatization. At present, under the still binding law, the minister of privatization may not consent to the formation of an employee leasing company if the enterprise, being not only well-performing but also large, qualifies for sale through public offering or to a strategic investor. However, the minister's use of that power has always been breeding conflicts and delaying privatization, as for example in the case of the Kalisz Winiary Plant. The new law is to eliminate public offerings in such cases, on designating qualifying criteria for enterprises. The objective was accomplished in half: The criteria were designated but the problem has remained. That is because under the "corrected" version the scope of leasing is extended to large and well-performing enterprises. If we also consider the privileges ensuring from the Pact on the State Enterprise, such as the leasing

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company's right to acquire ownership upon making one-third of the required payments, greater movement along this "pathway" can be expected. This will happen at the expense of the economically most effective privatization pathway, namely, (indirect) privatization through capital investment.

Leasing does not afford an enterprise the prospects for development offered by a capital investor. Moreover, which is more important for some enterprises, leasing does not result in high revenues. On the contrary, such leasing means a subsidized sale, because the interest paid is only part of the interest charged on refinancing credit. Leasing is a concept that was originally tailored for design offices, whose assets are limited. Paradoxically enough, large and costly plants want nowadays to proceed along this pathway. The ingenious management is piling up monies in its privatization funds, while the intrepid workforces are buying "their own" enterprises for money that is not their own.

The Patient Will Not Survive

Clearly, everything that has been done by the Sejm could be viewed more optimistically. The provisions of the Pact of the State Enterprise have been fulfilled more than 100 percent. In addition to leasing privileges, employees as well as farmers and fishermen-suppliers are to receive gratis a stake of up to 15 percent, or in terms of value up to as much as 24 times their average monthly wage, in the enterprises, regardless of what "pathway" is followed in privatizing them. Under the new law the minister of privatization forfeits some of his powers, but hence also is made less accountable, which should hardly worry him. In privatizing "vulnerable" [enterprises], the Sejm feels that it has done a good deed, while the Ministerial Council, feeling bored with distributing EFSAL loans, will attend to something more exciting, such as looking for a buyer of the Ozarow Cement Plant.

Once the emotions cool, people will notice that the resulting paralysis of decisionmaking has halted privatization. And those people will surely be employees, farmers, and fishermen, who will not receive their legally suspect gratis shares in the new companies. It looks like the operation was successful but the patient will not survive.

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Article Examines Leadership 'Quakes' Within SRI

AU0308120895 Bucharest EVENIMENTUL ZILEI in Romanian 31 Jul 95 p 3

[Report by Radu Tudor, Dan Andronic, and Mirel Curea: "Lt. Gen. Marcu, Virgil Magureanu's First Deputy, Was Released From His Office and Put in Reserve at His Own Request"]

[FBIS Translated Excerpt] Since 26 March 1990, when the Romanian Intelligence Service [SRI] was set up, a continuous departure of personnel, resignations, and dismissals have disturbed the activity at the leadership level of that institution. On 29 July 1995 [SRI director] Professor Virgil Magureanu decided to make a new move on the chess board. His first deputy, Lieutenant General Victor Marcu, was released from his office and put in reserve "upon his own request and owing to personal reasons."

If such turmoil could be accepted when the SRI was a young institution trying to find its tracks, now, five years later, it cannot be considered anything but habit. Without even wishing to comment on Lt. Gen. Victor Marcu's gesture, we believe it is high time for SRI Director Magureanu to pay more attention when he selects his close associates so that the wave of departures, resignations, dismissals, and reserve placement from the SRI should stop for the benefit of Romania's national security. It is high time to do away with the unstable circumstances within the SRI leadership.

From 1990 Until Now a Series of Earthquakes Have Shaken the SRI Leadership

Beginning 26 March 1990, a number of persons from the SRI leadership have left that institution in more or less elegant ways. Who are they?

Major General Mihai Stan, dismissed in August 1991 from his office as first deputy of SRI Director Magureanu. The decision to fire him came following the Berevoiesti scandal [location where the former Securitate used to dump the bodies of the persons they murdered], which in those days was amply commented on by the press.

Colonel Traian Iancu resigned from the SRI in January 1992, accusing the leadership of that institution of "having an antiquated mentality."

General Dan Gheorghe left the SRI in October 1993, resigning from his office as commander of the SRI Anti-Terrorist Brigade; this happened following several conflicts he had with the SRI leadership and, especially, with Director Magureanu. Shortly after his resignation, he was appointed commander of UM [Military Unit] 0215, which is the intelligence body of the Interior Ministry.

March 1994: Two large-scale scandals erupt at the top of the SRI. Two deputies of the SRI director, Generals Gheorghe Diaconescu (head of the Counterespionage Division,) and Dumitru Cristea (rector of the Superior Intelligence Institute,) are put in reserve and deposed from their offices. The mass media largely comment on the case of the two.

Hypotheses

Personnel changes, such as the most recent one, might be due to various reasons. We propose to review such possible motives, without claiming that we know the real one.

1. In his capacity as the coordinator of the SRI field operations, Victor Marcu was faced with the disastrous situation at the "Anda Terrace" [where two SRI officers were caught red-handed by passersby while trying to film two journalists]; despite the fact that he had no authority over surveillance operations, ensuring the covert character of that action was the job of a division directly led by Lt. Gen. Marcu.

2. As soon as Marcu became first deputy (1992) the underground war between the secret services became more acute than ever. He was admonished for this on several occasions and accused of being the principal author of the numerous conflicts that broke out between the SRI and the other secret services, especially the SIE [Foreign Intelligence Service].

3. After three years in this office, Virgil Magureanu might have been dissatisfied with the professional performance of his first deputy. However, this hypothesis does not seem very likely, because Victor Marcu used to be in the DIE [Foreign Intelligence Department—defunct since December 1989], which means that there was sufficient reference available about his activity at the time when he was appointed first deputy.

4. An ample inquiry was started among the SRI leadership to expose the persons who leaked news to the press. One of the suspects was Victor Marcu.

5. One cannot exclude a personal conflict between Virgil Magureanu and Victor Marcu, on the issue of the orientation of the SRI actions.

6. There was a file containing all the dubious affairs in which Marcu was involved while being SRI first deputy chief; on Saturday, 29 July 1995, the straw broke the camel's back and a decision was taken immediately. [passage omitted]

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Possible Candidates for the Office of First Deputy of the SRI Director

1. Major General Mihai Lupu, currently chief of the Counterespionage Division. He comes from among the cadres of the famous UM 0110 [anti-KGB unit], which was disbanded in December 1989.

2. Major General Traian Ciceo, currently chief of the Anti-Irredentism Division [Diviziunea Anti-Iredentism]. He is known for the exceptional quality of his analysis-synthesis studies, most of which he writes himself.

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Federal

Official: Some U.S. Circles Do Not Want Peace

LD0308190895 Belgrade TANJUG in English 1706 GMT 3 Aug 95

[FBIS Transcribed Text] Belgrade, Aug. 3 (TANJUG)—Ambassador in the Yugoslav Foreign Ministry Budimir Kosutic said Thursday that the international community, especially some U.S. and German circles, did not care for stopping the bloodshed in Bosnia.

"They want to maintain a low-intensity war in the region (Bosnia) at the expense of all three nations (Bosnian Muslims, Serbs and Croats)," Kosutic told local radio in the Serbian town of Pozarevac.

Kosutic said that the U.S. Congress' decision to unilaterally exempt Bosnian Muslims from the UN arms embargo was part of a presidential election campaign, since the embargo had never really been honoured in the case of Bosnian Muslims.

Commenting on the international war crimes tribunal charges of alleged war crimes against Bosnian Serb and Serb Krajina leaders, Kosutic said it was a "political trial ordered by Western countries. They want to try the attacked nation, the nation which is the victim of an aggression and which only wants to remain in the territory it populated for centuries. This is a case of insincerity and hypocrisy on the part of the so-called key members of the international comminity," Kosutic said.

He said that Yugoslavia "has no intention of fighting against the entire world," that "we cannot prevent the creation of the so-called new world order," but that Yugoslavia "only wishes the same principles to be implemented on all nations and that the world community honours them."

Perisic Views U.S., FRG Involvement, War

95BA0286M Belgrade VOJSKA in Serbo-Croatian 27 Apr 95 pp 6-9

[Unattributed interview with Colonel General Momcilo Perisic, chief of the General Staff of the Army of Yugoslavia, by GLAS-SRBI SVETA; place and date not given: "The Decision To Go to War Is Not Made by Soldiers"]

[FBIS Translated Text] Colonel General Momcilo Perisic, chief of the General Staff of the Army of Yugoslavia [VJ], is a commander about whom little is known. Those who know him well know that he is wise and brave, a man of high moral qualities, someone who commands deep respect. Gen. Perisic is a strategist, a general, but above all a patriot, a humanist, an intellectual. We recognize in him all those characteristics that the famous Serbian warriors and generals have displayed down through our history.

He was born on 22 May 1944 in the village of Kostunici in Gornji Milanovac Opstina; he is a Serb by nationality. He graduated from the Ground Forces Military Academy and then the General Staff School and National Defense School. In the meantime, he took a degree in psychology. In the course of his career, he has held almost all the command posts. He has been commander of a division, a regiment, and the Artillery School Center, and then head of the Department of Tactics and the Teaching and Research Section of a military district. When the war began, he held the position of commander of the Artillery School Center in Zadar. He personally commanded the relocation of the center and the Capljina operation. After that, he was assigned to the post of commander of the Bileca Corps. After the JNA [Yugoslav People's Army] withdrew from Bosnia-Herzegovina, he held the post of chief of staff of the 3d Army of the Army of Yugoslavia. From April to 26 August 1993, he was commander of that army. He was appointed chief of the General Staff of the Army of Yugoslavia on 26 August 1993 by decision of the Supreme Defense Council. He is the youngest chief of the General Staff of the Army of Yugoslavia. During his active military service, he has moved 15 times and served in more than 10 garrisons; he has received several commendations, awards, decorations, and early promotions.

Stormy Times

[GLAS-SRBI SVETA] Mr. Perisic, ever since you came to head the General Staff of the VJ, there has been talk about your removal, and you have been attacked by a segment of the media. Who does not like Gen. Perisic? Who wants you removed and why?

[Perisic] I am attacked by individuals in the media who are probably under the influence of people who want to put the Army in an inferior position, and through me they are attacking the institution of the Army out of a desire to have the Army serve exclusively the interests not of the state, not of the people, not of the society as a whole, but of individuals in that society. There is a question as to whether all those who want me to be removed from this position are aware of the situation our nation is in. The second question is whether these people are ready to sacrifice themselves, their comfort, for defense of their people. Third, it seems that the desire to take power at any price is so pronounced that the aid of influential factors is accepted uncritically. In that sense, knowing that the Army is a basic factor of

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the state and a factor of stability in these stormy times, they want to destabilize the Army by attacking me and subordinate it to their own interests in order to realize their objectives.

[GLAS-SRBI SVETA] How much influence do the United States and Germany have in all this?

[Perisic] The interests of the great powers, including even the United States, which is an authentic great power, and Germany, which is claiming to become one, are intertwined in the conflicts on the space of the former SFRY [Socialist Federal Republic of Yugoslavia]. However, it is not just the interests of only those two powers that are involved. Both Turkey and other European countries also have their interests in this area. Those interests are not even hidden. You can easily recognize and identify them through all the moves that are being made at the international level. We have been assessing the mechanisms and possible scenarios for realization of those interests, and in keeping with that we take all necessary steps to preserve the security of the Federal Republic of Yugoslavia.

The Green Transversal

[GLAS-SRBI SVETA] Mr. Perisic, for that reason does a unitary Bosnia suit both sides?

[Perisic] Yes, certainly, a unitary Bosnia suits them, but the Germans and the Americans have their partial strategic interests, and that is why they are in a way merciless toward the Serbian people.

[GLAS-SRBI SVETA] It is my opinion that the American reasons are nevertheless somewhat different; that is, they want to aid creation of a Muslim state by way of unitary Bosnia.

[Perisic] Many people do not understand why the Americans are aiding the Muslims in Bosnia. They are doing this for two main reasons. First, because they want to court the Islamic countries, from which they obtain many raw materials for their economy, by defending Islam in Europe. The second thing they want is to create any kind of Muslim state that would serve as a "regulator" of the situation on the territory of Europe, so that through it they could destabilize Europe in keeping with their strategic interests and assessments at the moment.

[GLAS-SRBI SVETA] And what is the interest of the Serbian people?

[Perisic] It is the interest of the Serbian people to preserve as much territory as possible that has belonged to it for centuries, to protect the population, and to round out its state, and also for all other nationalities that live on the state of the former SFRY to create their own states on their ethnic areas in order to resolve the contradictions that modern states surmounted in a civilized way in the 18th and 19th centuries.

[GLAS-SRBI SVETA] Zagreb is openly aiding the Croats in Bosnia. According to some reports, the Muslims are receiving weapons from the Americans and the Islamic countries; the Muslim offensive has begun. In your assessment, can the Serbs resist the attacks of the Muslim-Croatian Federation with what they have and the morale they have? Can they preserve themselves physically, their territory?

[Perisic] The Serbs have not been supported in this region by any country in the world the way the Muslim or the Croatian peoples have been supported. They find themselves in a very, very difficult position. But no people in the history of warfare that have been determined to fight for its physical survival have ever been defeated. Down through history, the Serbs have proven that they have always waged war against a stronger enemy and have themselves taken their destiny into their own hands. The Serbs have never reached out for what belonged to someone else; they have always defended only their own. Unfortunately, the Serbs are now entirely isolated and find themselves in a more difficult position than ever. They are determined now, prepared to fight to defend their territorial integrity and their very lives. The Serbs are capable both militarily and organizationally, and they possess the resources to defend the territory that ethnically belongs to them even without aid from outside.

[GLAS-SRBI SVETA] One often hears assertions that Yugoslavia's state policy advocates peace. Does this mean that the Serbs across the Drina do not want peace, or is this a misunderstanding?

[Perisic] There has been no division of the people in the [Bosnian] Serb Republic and the FRY [Federal Republic of Yugoslavia]. I think that the leadership of the Serbian people will find a way to surmount the political differences. The professional soldiers have realized that the objective of the foreign factor is to provoke a conflict between the political leaderships, and through that a conflict in the Army as well. That is a mistaken supposition.

[GLAS-SRBI SVETA] Mr. Perisic, should there be a conflict on a broader scale, larger conflicts on the territory of the Serb Republic, will the FRY help militarily?

[Perisic] As chief of the General Staff of the Army of Yugoslavia, but also under the Constitution, I have a duty to defend the territorial integrity, sovereignty, and freedom of the citizens of the FRY with the Army

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of Yugoslavia, but any involvement of the members of the VJ outside the territory of the FRY lies in the jurisdiction of the current state.

The Situation in the RSK

[GLAS-SRBI SVETA] How do you evaluate the situation in the RSK [Republic of Serb Krajina] and the tendency to reintegrate Krajina into the Republic of Croatia?

[Perisic] Croatia had a historic opportunity, with the help of the foreign factor, to create a democratic state of the civil type through its secession in the present situation, and in it the Serbs would have found their place as a constituent nationality in the Constitution of the Republic of Croatia. However, because it was blinded by nationalistic interests, which border on fascism, no rights of the Serbs were recognized. They rose up to defend their vital interests, and they did not want to be forcibly extricated from the former Yugoslavia and to live in an Ustasha state that has eradicated that same people down through the centuries. The Serbian people has the same right as other peoples to self-determination.

[GLAS-SRBI SVETA] How do you see the subsequent course of events on the territory of the former Yugoslavia, and what might happen, for example, after April?

[Perisic] In pursuit of their objectives, the United States and Germany will attempt even by the strategy of waging a low-intensity war to achieve their goals on the territory of the former Yugoslavia, which they will do step by step. They will try to avoid a war of higher intensity, because such a war runs a high risk of involving several countries. If several countries become involved, then that war cannot be controlled, and there is a danger of a broader conflict. Aware of that, they are provoking internal contradictions to the extent that they can control and channel them toward the ultimate realization of their objectives. The creators of the "new world order" want to move further eastward, and if the Serbian people stands in their way in this region, then they will detour around that people temporarily because of its strong resistance, but they will never give up on achieving their objectives in this region. They will also have new scenarios for solving problems in the Balkans. Whether they achieve their objective or not depends, among other things, on the behavior and resistance of the Serbian people as a whole and their leaders. Quite a few leaders in the entities that have been officially constituted on the space of the SFRY are not shapers of world policy, but are pursuing the objectives of international policy.

[GLAS-SRBI SVETA] Be specific!?

[Perisic] There is no need. They all know who they are. For that matter, even the attacks on the Army of Yugoslavia are being carried out with that objective.

I think that in the coming period, if not in the foreseeable future, then in the long run, the sanctions will be lifted, and the Federal Republic of Yugoslavia will open up to the world. Just as in past history, interests in the Balkans will remain by and large unchanged. The Serbian and Montenegrin people will certainly remain in this region regardless of momentary difficulties and sacrifices, but the FRY will be in a position to define its own interests and to choose its friends and the countries with which it will cooperate, also taking into account the behavior of others while the FRY was unjustly isolated.

[GLAS-SRBI SVETA] Mr. Perisic, please give us your comment on the recent recognition of Alija Izetbegovic's government, i.e., of Bosnia, by Russia. Does this signify the powerlessness of Russian official policy, or is it something else?

[Perisic] It is Russian diplomacy's assessment at the moment of its interests in the Balkans.

[GLAS-SRBI SVETA] Is the lesson for the Serbs that there is no love in politics and that we should be more pragmatic?

[Perisic] The Serbs are what they are, and they have the most painful history of all the peoples in the Balkans. They have not learned much from that history. We belong to a people that has a soul, that has a heart, and that is exceptionally well intentioned. It has heart because whenever there is a danger, then it is able with a weapon in its hand to conquer a far stronger enemy; soul, because we are the only people supporting on our territory the children and parents of our butchers; and we are very unpragmatic, because we trust many people. Along with everything else, we are always on the defensive. Because of all our characteristics down through history, similar things keep happening to us, and that is evidence that to some extent we have deserved this situation we are in.

[GLAS-SRBI SVETA] To some extent, every aggressor follows the doctrine of "divide and conquer." Provoking interethnic conflicts is a card that is played. How do you assess the security situation of the FRY, especially in Kosmet?

[Perisic] Kosovo and Metohija are a unique phenomenon on which the interest of the shapers of the "new world order" is focused. They were thinking that the first spark of secessionism would be ignited in Kosmet, and there they failed. The Albanian people living on the

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territory of the FRY is completely aware of its advantage over the parent country with respect to economic and all other favoring circumstances, and for that reason it is very hard to push it into its own ruin. Nevertheless, it is not precluded, unless the FRY behaves in keeping with the strategy of the international political factor, that Kosmet could become one of the hotbeds of crisis. What is blocking that is the interest of the Albanian people in Kosmet, which up to now has not allowed itself to be manipulated. Thanks to its extremist leaders and influence from outside, Kosmet is a latent hotbed that in some complicated situation could become current. The Raska-Lim region is also covered with varied spheres of interest. The territorial claims of the Muslims in Bosnia aim at bringing the Gorazde enclave closer to the territory of the Raska-Lim region, and that is ever more pronounced. The Gorazde enclave is a support point of the Muslim factor and of its desire to expand the Muslim state being created on the space of Bosnia by means of a green transversal through Gorazde, linked through the Raska-Lim region to Albania. It can be concluded that Turkey, through Albania as its partner and collaborator, and naturally through the Muslims on the territory of the Raska-Lim region, would like to link up with the state of Alija Izetbegovic. Should that happen, it would be disastrous for Europe, and especially for the Serbian people, because we must be aware of the fact that such a scenario would break the physical connection between the Montenegrin and Serbian peoples, and that would result in disintegration of the FRY.

How To Avoid War

[GLAS-SRBI SVETA] Mr. Perisic, can we preserve our country, our freedom, and avoid waging war, and can we say that we have a strong and united army?

[Perisic] You ask me as a soldier and general, can war be avoided? If everyone thought like I do, and I am not alone, but the way generals think, level-headed generals of all countries in the world, there would be far fewer wars, because the professional soldier has the best knowledge of what war means, and the general especially. If there were not politicians who want to use war to achieve certain objectives, there would be fewer generals fighting, and one proof of that is the Pentagon, which on several occasions has said that the crisis on the soil of Yugoslavia cannot be resolved by war; they even restrained some of their "hawkish" politicians and assured them that this could not be achieved by war. However, my associates and I, professional soldiers, are aware of the danger and the development of events, the dangers threatening our people. We will do everything to prevent war from breaking out, and up to now we have done a great deal and have been successful; we have been preventing war from carrying over to the territory of the FRY, with the help of other entities, of course. I think that we are one of the rare countries that has managed to prevent war from carrying over to its space when military operations are being conducted in the neighborhood. I hope that if other entities should accept and use this logic in their thinking, then it will be possible for us to prevent the war from carrying over to this territory. If war is imposed on us, then my associates and I and the entire officer corps and corps of noncommissioned officers, professional soldiers and soldiers doing required military service, members of our people, patriots, who will join our ranks even without mobilization, will defend the integrity and sovereignty of our country. The Army of Yugoslavia is the backbone of our state. Now, in peacetime, it numbers slightly more than 100,000 men and constitutes the core of a future army of our people in the millions. With that human potential, the VJ will be able to defend its territorial integrity and sovereignty. If we are united, then we will be able to defend our homeland successfully; if we allow the "hawks" and ignorance to destroy the unity of our people, to achieve their partial objective, to act on behalf of the warlords, sacrificing at the same time a part of their people, then our entire defensive capability will be reduced by that much.

[GLAS-SRBI SVETA] Are you satisfied with the transformation of the Army?

[Perisic] Transformation of the VJ has been completed in the sense of organizational changes in the military formation, but in the sense of modernization, it is dependent on the economic capabilities of society. There are a number of segments where the transformation is being carried out. Elimination of party influence from the Army has been entirely completed. Some advocates of this process would nevertheless like to have some party influence on the Army now, especially in the area of personnel policy. We are opposing that, and that is usually why we are attacked.

[GLAS-SRBI SVETA] Who conducts personnel policy in the Army?

[Perisic] The Constitution and the Law on the Army of Yugoslavia precisely regulate who manages and promotes what level of personnel. The chief of the General Staff is responsible for conducting personnel policy up to the level of colonel. ppointment and dismissal of a general is in the jurisdiction of the Supreme Defense Council.

[GLAS-SRBI SVETA] Are you happy with personnel policy?

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[Perisic] I would answer instead the question "Are you satisfied with the personnel structure?"

We can never be entirely satisfied with the status of personnel. However, we have chosen the best people this Army has, people who have been tested, for key positions on the General Staff and to head the operational-strategic groupings. No one has a mandate for life in any post; it is all subject to change.

Mistakes by the Generals

[GLAS-SRBI SVETA] Mr. Perisic, how important is it that a man in your post, who has so much responsibility, has vision and ability to foresee events, to see more and further than others, and not to be blindly obedient?

[Perisic] It is very essential that the top positions of leadership be occupied by extremely able individuals, individuals who aside from their other characteristics as officers also have a high intellect and the intellectual ability to foresee the development of events. Only such people are able to lead their men and their people to victory in the most difficult situation, thanks to decisions made correctly. Unless they fit that description, such people lead their people to ruin through their bad decisions. Unfortunately, down through history, and even in this most recent war, we have had many negative examples. I have sworn that I would not talk about people in this war, precisely because many were not up to their post and position, because they were blindly obedient, waiting for some orders to come from above, and at the same time they sacrificed the dignity of the men they led. They sacrificed the dignity of their people and their own personal dignity. Accordingly, the most essential characteristic of any officer is to think with his own head, to have the ability to sublimate the collective mind into a decision, to be persistent and insistent on carrying out that decision, and in all of this to work exclusively in the interest of his people and his state.

[GLAS-SRBI SVETA] In one segment of the media you are reproached for the operations you undertook in Zadar and Mostar. Whenever anyone wants to speak against Gen. Perisic, then he mentions Zadar and Mostar.

[Perisic] Those are people who, first, do not know or do not want to know the situation our sons were in in Zadar. Those things are said by people who do not understand what the most murderous segment of the Republic of Croatia, who can be called Ustashi in the full sense of the word, did to drive us from the territory of Zadar as soon as possible. When the war started in 1991, I was commander of the Artillery School Center in Zadar. The Croats, probably on order from abroad, were given the task of getting rid of the JNA and carrying out large-scale attacks on the soldiers. They did this by inciting the most hard-bitten criminals, murderers from their own and from world prisons, to attack members of the JNA at that time. As a commander with long experience in command, with systems for waging war, with several thousand people under my command, I could not allow terrorists to kill my soldiers, and as the degree of danger grew, I took steps to prevent that and defend the honor and lives of my men and ultimately my people. I responded amicably to all possible provocations and aggravation of the situation and called for ways of resolving the crisis peacefully. However, because that could not be achieved, because they took action to liquidate us physically, we naturally responded physically with the tools and weapons with which we were armed in order to defend our lives. I took the men and equipment out of Zadar.

What Happened in Capljina

The war in Bosnia found me in the general area of Mostar. In my zone of responsibility, I showed maximum concern for the civilian population. There were no casualties, just as there were none in Zadar. Collaboration with the Muslims in our zone of responsibility was very good. We offered them material and other assistance. The conflict was with the Croatian Army, which in that period had come onto the territory of Bosnia, which means the regular Croatian Army was on the territory of the SFRY and Bosnia was still a part of the SFRY. They accused us at that time of being the occupiers, which is certainly not logical at all, because the JNA at that time was the only legal and recognized armed force in these regions outside Slovenia and Croatia. Accordingly, the conflict occurred when the Croatian Army set off a tank truck full of explosive materials near a garrison and demolished a large part of it. Eleven civilians were killed and one member of the JNA. Here, again, I have been charged with various kinds of destruction, but it was mainly destruction of military targets and targets used for attacks on members of the Army and the Serbian population. It is worth mentioning on this occasion the rescue of the soldiers and civilians surrounded in Capljina Opstina and later in the Capljina Garrison, which was surrounded by about 4,000 members of the HOS [Croatian Armed Forces], who belonged to the Croatian regular army, and where there was a danger of their being physically destroyed. On taking up the position of commander of the Bileca Corps, I also received about 270 prisoners, that is, people rounded up in Capljina by the HOS. They were Serbs, Croats, and Muslims. I took a number of steps to liberate those people by peaceful means, and because this was not successful, we carried out a combined-arms offensive with which we liberated all members of the

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JNA and civilians surrounded by the members of the HOS without a single person wounded; we moved the people to an area that we controlled, and at the same time we inflicted immense losses on the Croatian Army. We spent 15 days preparing that operation, and we carried it out in half an hour. We rescued all the people, we did not have a single person killed or wounded, and we inflicted losses recognized and published by Croatian television. Certainly, if Pero Markovic, who at that time was president of the opstina, had listened to me, it would all have been resolved peacefully. All those people surrounded by the Croats knew that Gen. Perisic had sent them a message that he would liberate them at any price and they were living witnesses that the commander kept his word. This was an exceptionally successful military operation resulting from the collective mind of my associates and brilliantly carried out, and I believe that its details will in the future be studied by young officers of our Army.

[GLAS-SRBI SVETA] Following that operation, were you given an order to return to the FRY?

[Perisic] Upon completion of the Capljina operation, I was ordered by the General Staff (on 25 April 1992) to return to the FRY. I did not want to do that, because the Herzegovinian people were not organized to fight the enemy and were in extremely great danger. Foreseeing the development of events, I remained until 28 May, and by that time I had completely enabled the Herzegovinian people to conduct their defense. On behalf of the truth and to make it possible to examine our history realistically, I kept a log, which I now have with the signature of my heir and my own. I say this because many people have been attacking the VJ and me personally, trying to place certain things in a different period of time.

[GLAS-SRBI SVETA] Andric has said "There are times when intelligent men fall silent, fools begin to speak, and scoundrels get rich." You came out of the war literally with one tape recorder. What do you think about war profiteers?

[Perisic] During this war, most people I commanded, and not just I, who went into the western parts of what then was the SFRY to defend Yugoslavia, without asking why, fared the worst. Far from their home, they were forced to fight an enemy, and in that fight most of us lost what property we had acquired up to that time. The most valuable things I had when I went off to war were my watch and the tape recorder, and I am happy not for my own sake, but because I shared the destiny of the people I commanded. Unfortunately, I share the destiny of those people even now, while during that time, and even today, many people in the far rear, both here and there, became rich directly from the blood shed by the Serbian people, and, at the same time, they even represent themselves as heroes, which is evidence of how disrupted the system of values is. I was fully aware of the responsibility when I took this post. I was aware that in taking this post, I shortened my life as a soldier and would never be able to obtain any property and that my sole satisfaction would be to prevent what was and is being prepared for my people. This naturally demands a kind of asceticism, and they often call me an ascetic. But a real professional soldier in moments of history like this, and also top leaders, must behave ascetically. I was fully aware when I took the post. I am astounded to learn that there are people who have come to the head of systems at the most difficult moments and, instead of helping their people, they turn the torture and golgotha of the people to their own personal and financial advantage.

Free Time

[GLAS-SRBI SVETA] One personal question. How do you spend your free time?

[Perisic] I have less and less free time. I had been reading an average of three or four books a month, which means a few thousand pages. Unfortunately, this has now been reduced to one book read per month. I have an exceptional love for books. I had several thousand books, but when I left the war I had none. However, thanks to friends who know that I am a bibliophile, I have again started my library, and I have a few hundred books.

[GLAS-SRBI SVETA] What are you reading now?

[Perisic] At the moment, I am reading *Antihumanizam [Antihumanism]* by Emil Vlajki.

[GLAS-SRBI SVETA] Mr. Perisic, how important is love in your life?

[Perisic] Extremely. Love for man above all. I am a man who chose the military calling out of love for man, and I perform this duty precisely out of love for my people. Love for man and love for the homeland, but a homeland with people, not a homeland without people.

[GLAS-SRBI SVETA] What is the support point of the foreign factor in our country?

[Perisic] The foreign factor in our country undertook to tear down the SFRY and has been successful to the greatest degree. That objective that the foreign factor set itself on the territory of the former Yugoslavia has remained even today exactly the same on the space of the present FRY. To achieve that goal, they follow the previous scenario of using people, first of all from this

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region, who, out of a lack of patriotism or ignorance, place themselves directly at the service of the objectives of the enemies of our people.

[GLAS-SRBI SVETA] How in that scenario is the FRY supposed to look, if we are to follow someone's will?

[Perisic] Because there are certainly a great many scenarists on the outside, but also on the inside, who would all like to be big fish in a small pond, they would certainly splinter this tortured country into many vassal states in which they would like to rule as sovereigns. Many internal factors are not only at the service of external factors; they want to realize their own objectives under the screen of democracy in order to create a country that will not be able to survive in this encirclement or will be completely dependent on the foreign factor. Because I am a member of my people, a professional soldier, and because my principal task is to defend the sovereignty and integrity of the country and the institution to which I belong, I will do everything so that the Army of Yugoslavia discharges its constitutional obligation.

[GLAS-SRBI SVETA] Many of the most influential representatives of the international community are speaking more and more openly about support for Slobodan Milosevic and his peaceful policy. This is a textbook example of cynicism. After all, that peaceful policy that they are supporting is the Krajina in Croatia and unitary Bosnia. Their peace, that is our unrest and our defeat.

[Perisic] The world is conducting an extremely perfidious policy toward the former and also present Yugoslavia and all the peoples on this territory. And that perfidiousness of policy is manifested in the fact that they say they "favor peace," but actually they are warlords. They have thrust this people into war and have a direct desire to continue the war, but only a war that suits them, a low-intensity war so that they can control it. The evidence that they do not want peace, but war, is that they are arming the Croats and Muslims in order to achieve their maximalist interests in this region. Accordingly, the advocacy of peace by certain world politicians is actually a reflection of a perfidious game toward our people aimed at achieving their own interests. The only thing that bothers me is that some of our people do not have that information, but think that the world powers want peace in this region. If peace were really their objective, then the world factors could have attained it.

Inspects Units in Montenegro

LD0308175995 Belgrade TANJUG Domestic Service in Serbo-Croatian 1554 GMT 3 Aug 95

[FBIS Translated Text] Podgorica, 3 Aug (TANJUG)—Colonel General Momcilo Perisic, the CGS [Chief of the General Staff] of the Yugoslav Army, and colleagues, today visited the headquarters and some of the units of the Second Army [based in Montenegro], the Yugoslav Army General Staff Information Service announced.

Gen. Perisic's visit to the area of responsibility of the Second Army is part of his regular and planned activities in the framework of his checks on individual elements of combat readiness, and on strategic and operational components of the Yugoslav Army.

He checked up, in particular, on the military training process for soldiers and professional members of the Yugoslav Army who are serving in the Second Army, and the extent to which they are in receipt of appropriate equipment.

The Yugoslav Army CGS visited units in Podgorica, Danilovgrad [about 18 km northwest of Podgorica], and units undergoing training on firing ranges.

The conclusion following today's activities is that the headquarters and units of the Second Army have developed a level of combat readiness that ensures that the constitutional obligations of the Yugoslav Army can be carried out effectively, the statement by the Yugoslav Army General Staff Information Service ends.

Yugoslav Red Cross Sends Food to Serb Refugees

LD0308153195 Belgrade TANJUG in English 1409 GMT 3 Aug 95

[FBIS Transcribed Text] Belgrade, July [as received] 3 (TANJUG)—The Yugoslav Red Cross (YRC) on Thursday sent another 30 tons of food to Serb refugees from Grahovo and Glamoc in southwestern Republic of Serb Krajina that were occupied by Croatian regular army troops on July 28.

The humanitarian aid was sent to Petrovac and Mrkonjic Grad, where thousands of refugees from the occupied territory have found shelter, YRC senior adviser in international humanitarian law Miodrag Starcevic told TANJUG.

After Croatia's military offensive on the southwestern part of the Bosnian Serb republic, more than 20,000 Serb civilians fled the region heading for western Bosnian Serb towns.

A new convoy carrying 20 tons of relief aid, especially food, to refugees in Banja Luka will set out on Friday, Starcevic said.

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Croatia Blocks Aid Convoy

LD0308150595 Belgrade SRNA in Serbo-Croatian 1354 GMT 3 Aug 95

[FBIS Translated Excerpt] Bijeljina, 3 Aug (SRNA)—An official of the UN High Commission for Refugees [UNHCR] informed the Serb Republic's Commission for Refugees and Humanitarian Aid that the Croatian authorities refused permission for UNHCR convoys to carry humanitarian aid over its territory to the Serb refugees from Grahovo and Glamoc. The convoys were expected to leave Zagreb for Banja Luka yesterday and today.

Dragan Kekic, deputy commissioner for refugees of the Serb Republic and head of the Coordination Board, was told that the convoys' passage is being blocked by the Croatian Association of Refugees. [passage omitted]

Serbia

Marjanovic Comments on Visit to Ukraine

LD0308131995 Belgrade TANJUG in English 1151 GMT 3 Aug 95

[FBIS Transcribed Text] Belgrade, Aug. 2 [date as received] (TANJUG)—Serbian Prime Minister Mirko Marjanovic said on Wednesday that the Federal Republic of Yugoslavia and Ukraine would considerably promote economic relations, scientific-technical cooperation, educational and cultural ties.

Marjanovic spoke with reporters at Belgrade airport upon his return from a two-day visit to Ukraine. He singled out the importance of the signed agreement on economic cooperation between the two countries, which he said presented a basis for concrete business deals.

Underscoring Ukraine's readiness consistently to urge the lifting of the sanctions enforced on the Federal Republic of Yugoslavia, Marjanovic said his talks with Ukrainian Government representatives had focused on free navigation on the Danube and river transport of humanitarian goods and agricultural products.

"There should be no difficulties regarding transports and exchange of wheat via the Danube, because food is not embargoed by the international community," he said.

During the visit to Kiev, members of the Yugoslav delegation discussed the promotion of overall bilateral relations between the two countries in their meetings with Ukrainian President Leonid Kuchma, Prime Minister Yevheniy Marchuk, and other ranking officials.

Marjanovic conveyed a personal message from Serbian President Slobodan Milosevic to Ukrainian President Kuchma, who accepted with pleasure Milosevic's invitation to visit Belgrade.

Parties Support Milosevic's Peace Initiative

LD0308222595 Belgrade TANJUG in English 2151 GMT 3 Aug 95

[FBIS Transcribed Text] Belgrade, Aug 3 (TANJUG)—The New Democracy Party, the coalition partner of Serbia's governing Socialist Party, on Thursday supported the Bosnia peace initiative of Serbian President Slobodan Milosevic.

Speaking at a press conference in Belgrade, New Democracy official Radivoje Lazarevic hailed the letters that Milosevic sent on Tuesday to Bosnian Muslim leader Alija Izetbegovic and Bosnian Serb commander Ratko Mladic urging them to immediately start peace talks.

"The letters have come at a time when the warring sides are preparing for new offensives and when the international community, guided by conflicting interests, is acting in a confused way and some of its members even in a very biased way," said Lazarevic.

He also said it was high time for the Bosnian Serb leaders to accept a peace plan proposed by the five-nation Contact Group for Bosnia as the basis for seeking a final solution to the Bosnian crisis.

"The international community can exert pressure on the Bosnian Muslim government in Sarajevo to stop offensive actions and in this way prevent the flaring of the war," said Lazarevic.

He also said that the aggressive policy pursued by the Croatian Government and President Franjo Tudjman was the most dangerous threat to peace at present.

At another press conference in Belgrade, Ratko Krsmanovic of the League of Communists—Movement for Yugoslavia said that the United States had to reexamine its role in the United Nations mission concerning Bosnia. "Taking good care to keep away from the flame of the Bosnian civil war, the Americans use their remote control units to defend the so-called Western values in the Bosnian mountains," said Krsmanovic.

Opposition Leader Seselj Released From Prison

LD0308130995 Belgrade SRNA in Serbo-Croatian 1231 GMT 3 Aug 95

[FBIS Translated Excerpt] Gnjilane, 3 Aug (SRNA-BETA)—Vojislav Seselj, leader of the Serbian Radical Party [SRS], and Tomislav Nikolic, the second most senior official of the party, were released from prison in Gnjilane this morning having served a two-month prison sentence for an incident on 3 June when a meeting of their party in Gnjilane was banned.

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"The criminal Slobodan Milosevic has again shown that he is ready to take the most serious measures of repression against the SRS," Seselj said after he came out of prison.

He called Milosevic "the worst traitor of the Serb nation" and said that the SRS will "win" and will "topple the government" of Milosevic and his wife. [passage omitted]

Montenegro

Bulatovic Prepared To Recognize Bosnia

AU0408101495 Vienna DER STANDARD in German 4 Aug 95 p 2

[Interview with President Momir Bulatovic by Andrej Ivanji in Podgorica; date not given: "Srebrenica Has Caused Fury"]

[FBIS Translated Text] [Ivanji] Your opposition is claiming that the federal state is a farce and that Serbian President Milosevic makes all decisions alone anyway.

[Bulatovic] Milosevic is a good politician, and he knows that, in the struggle for peace, he cannot afford the luxury of making political enemies where he has the least time for them. Since he is a personality with influence, above all on the Serbs in Bosnia, it is logical that he conducts the peace talks. However, no decision regarding the FRY is made without me, as the president of Montenegro.

[Ivanji] What consequences, apart from the economic embargo, does the Bosnian war have on Montenegro?

[Bulatovic] When, for example, NATO bombs Serb positions in Bosnia, nationalist Serbs in a municipal parliament threaten to kill the Muslims here. Then great efforts are required to bring the people back to equal civil rights. Most of our Muslims are strongly tied to Sarajevo, while the citizens in the north of Montenegro are tied to Belgrade. A tragedy for the one group is an occasion to celebrate for the other.

[Ivanji] How do you assess the offensive by the Bosnian Serbs?

[Bulatovic] One year ago, the FRY broke off all political and economic contacts with the Bosnian Serbs. The terrible pictures of the expulsion of the Muslim population of Srebrenica have caused fury here.

[Ivanji] The International Court of Justice in The Hague has charged Radovan Karadzic, Ratko Mladic, and Milan Martic with war crimes.

[Bulatovic] No crime must go unpunished. However, from the political point of view, the decision comes at the worst possible time. The charge removes these people from the peace process. And whether one wants it or not, they are the representatives of the Serbs in Bosnia and Croatia.

[Ivanji] Will the FRY recognize Bosnia-Herzegovina?

[Bulatovic] We are prepared to recognize Bosnia-Herzegovina as a state that will solve its internal affairs as provided for by the peace plan of the Contact Group, that is, by negotiations. However, diplomatic wisdom does not permit us to recognize only a single regime, that is, only the regime of the Bosnian Muslims and Mr. Izetbegovic.

I do not think that this question is so important. The fact that there are international observers on our border with Bosnia proves that we also recognize these borders de facto. One can only talk about everything else when the Contact Group plan has been pushed through.

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